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NEWS SUMMARY

GENERAL

Iceland: Navy decision to-day

The Government has promised the British trawling industry that a decision will be reached by noon to-day on whether to send naval support for the fishing fleet in disputed Icelandic waters.

However, pressure is mounting in Iceland against any form of agreement with foreign nations which would allow trawler fleets to fish inside the unilateral 200-mile fishing limit.

The Icelandic Federation of Labour is opposed even to the tentative agreement with West Germany for a much smaller cod catch within the 200-mile zone than that already offered by Iceland to the U.K. Back Page

Spanish King's father speaks out

Don Juan of Bourbon, father of King Juan Carlos, issued a statement in Madrid calling for the introduction of true democracy in Spain. The publication of his appeal is a clear sign that the country is moving towards a more liberal era, writes Roger Matthews.

But violence returned to the northern Basque provinces when a man believed to belong to ETA, the separatist organisation, shot dead the mayor of Oyarzun, a town not far from the French border. Page 6

Hain for trial at Old Bailey

Mr. Peter Hain, the 25-year-old Young Liberal leader, was given £100 bail when he was committed to the Old Bailey on a charge of stealing £490 from Barclays Bank, Richmond. The application for committal, before London's South Western court, was made by Mr. Richard Thomas, for the Director of Public Prosecutions. Hain said he would plead not guilty.

Seven charged

Seven men appeared in court at Southampton accused of conspiring to cause an explosion. They were all remanded in custody for a week. The charge follows a police raid on a block of council flats a week ago.

Strain for junta

A shake-up within the Chilean Junta may be imminent following a worsening of the relations between General Pinochet's Government and the U.S. Administration. Page 5

Elusive beast

Natural History Museum experts say none of the U.S. photographs taken at Loch Ness is "sufficiently informative to establish the existence, far less the identity, of the large living animal in the loch."

Briefly . . .

Brush fire along a nine-mile front north of Los Angeles burned more than 32,000 acres and left families homeless. Over 1,000 firemen have been fighting the blaze.

The Government had a majority of 44 at the end of the Queen's Speech debate on education in the Commons. Page 16

Waterloo and City rail line is unlikely to reopen before Christmas, as flooding damaged the 27 coaches used on the service. Page 11

Dundonian (formerly Dundee Crematorium) is offering funerals up to £150 free to people who own at least 500 of the new 20p shares for a year.

Rudolf Nureyev is to make his film debut as Rudolph Valentino in a Ken Russell film.

Mr. John Poulson was refused leave to appeal in the Appeal Court against his seven-year jail sentence for corruption.

Oxford shopkeeper was fined £5 for displaying sew-on jean patches with four-letter words in his window.

BUSINESS

Equities down 2.4; gold loses $¾

● **EQUITIES** were dull. The FT 30-share index lost 2.4 to 374.2.

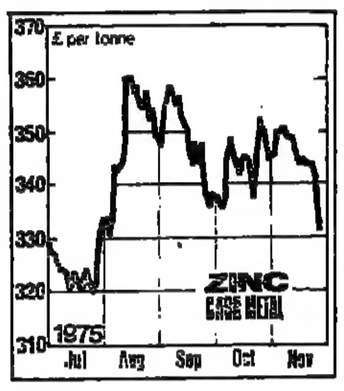
● **GILTS** were quiet, although shorts gained up to ¾. Mediums and longs were basically firm but generally unaltered.

● **GOLD** lost $¾ to $140¼.

● **STERLING** fell 35 points to $2.0330, although its weighted depreciation was unchanged at 29.7 per cent. The dollar's widened to 2.33 (2.31) per cent.

● **WALL STREET** closed 4.88 up at 845.64 in slow trading on hopes of a NY City financial settlement.

● **ZINC PRICE** fell £9.25 to £331.5 a tonne on the London Metal Exchange, the lowest point since July, due to selling by speculators. Page 29



Giro losses written off

● [illegible] NATIONAL [illegible] will be written off by the Government, and another £13m. debts converted into public dividend capital. Banking services will be widened to include loans and overdrafts. Back Page

● **SEVEN MAJOR** nuclear exporting countries are near agreement on more stringent safeguards to prevent countries that buy processing technology putting it to military use. Page 5

● **ARAB NATIONS** are demanding sweeping trade concessions from the EEC to open up European markets and provide a broad base for their industrial expansion. Page 7

● **PRESIDENT FORD** has signed an executive order lifting U.S. import duties on a wide range of products from the developing world for ten years, effective from January 1. Page 5

● **BRITISH PETROLEUM** expects that the 21.6 per cent. BP shareholding acquired by the Bank of England from Burmah in January will be dispersed rather than transferred to the Government. Page 11

● **PRINTING UNIONS** met yesterday to draw up a common strategy for dealing with national newspaper computerisation plans. Production of northern editions of the Daily Telegraph, Daily Mirror and Sporting Chronicle was halted last night following an NGA walk-out in protest at last week's Telegraph redundancy announcements. Page 13

● **BRITISH AIRWAYS** has offered engineers who are "blacking" TriStar maintenance about £3.50 extra a week to service the aircraft. Passengers are still being found alternative flights. Back Page

COMPANIES

● **MAGNET JOINERY** and Southerns-Evans' official details of merger plans have been sent to both sets of shareholders. Conditional on the merger going ahead, Magnet is paying a special interim dividend of 2.1291p, up 156 per cent., and S-E 2.98074p, up 87 per cent. Page 30 and Lex

● **ALFRED HERBERT** shareholders accepted the terms of the Government 6p a share take-over at an angry four-hour meeting in Coventry. Page 10

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 3½pc '77-80	£80¼	+ ¾
Alida Packaging	74	+ 7
Ang. Am. Asphalt	156	+ 6
Bank of Scotland	285	+ 5
Brentnall Beard	90	+ 8
Butterfield Harvey 6¼pcDb. 1977-80	£94	+ 30
Cowie (T.)	33	+ 5
Dennis (J. H.)	28	+ 3
Downing (G. H.)	142½	+ 7½
Dundonian	183	+ 8
Gibbs (Anthony)	60	+ 3
Lennons	71	+ 5
Linread	37	+ 4
Newey	79	+ 8
Peldayne	16	+ 4
Pilkington	282	+ 5
Ricardo	94	+ 7
Silentnight	42	+ 4
Berali Tin	16	+ 2½
Pancontinental	850	+ 50
RCM	200	+ 20
Utah Mining	975	+ 25
Western Areas	305	+ 10

FALLS

Aust. and NZ Banking	422	− 8
Avon Rubber	42	− 6
Beales (J.)	23	− 3
Costain (R.)	230	− 4
Hawker Siddeley	332	− 6
Jacobs (J. I.)	17½	− 1½
Land Secs.	181	− 6
Lyons (J.) "A"	152	− 4
MEPC	66	− 4
Royal Worcester	121	− 8
Wedgwood	203	− 5
Zetters	19	− 3
Shell Transport	376	− 4
Cons. Tea and Lands	290	− 10
Gold Mines Kalgoorlie	55	− 5
Pot. Plat.	160	− 4
Union Crpn.	378	− 7

Companies invited to planning agreement talks

BY ROY HODSON

Within days of the Industry Act becoming law the Government has started upon an intensive round of talks with more than a dozen leading companies to hammer out individual planning agreements provided for in the Act.

Some of the companies had informal approaches from the Government before the Act passed into law last Thursday.

Imperial Chemical Industries has had initial discussions with the Department of Industry. Other companies involved include Clarke Chapman, Babcock and Wilcox, Whessoe, Head Wrightson, Davy International, Shell, Esso, British Petroleum, the big car-makers, and some companies in the food-processing industry. These companies have either been engaged in talks already or, it is understood, have received letters inviting them to participate soon.

The Government's strategy is to secure agreements quickly with companies in four or five key sectors of British industry. The prime sectors now in the sights of Mr. Eric Varley, the Industry Secretary, who has the job of drawing up the first planning agreements, are process-plant engineering; petrochemicals; motors; food processing; electronics; and heavy electrical engineering.

The Department of Industry describes the talks so far as "taking soundings at managerial and trade union leader level." The talks are led by Mr. Ron Deering, an Under-Secretary at the Department, who had much to do with the planning of the Industry Bill and the concept of planning agreements.

The intention is that companies should be asked to talk with the Ministries usually concerned with them. One reason given for this is that companies will feel more at home dealing with the Government Departments they know best. So although the Department of Industry is conducting most meetings there are exceptions. For instance the Ministry of Agriculture is handling the food-processing companies.

The companies are going into the talks with distinct reservations. The question most frequently raised by their representatives to sum up their attitude of suspicion, and occasionally downright hostility, to planning agreements is: "What is there in it for us?"

One company talking to the Government said last night that discussions so far had been along general lines and had not begun to concentrate upon that company's particular sector of industry. The spokesman added: "We will need further talks, if only to understand what the Government actually means by planning agreements. In my view the Department of Industry doesn't know itself."

'Unnecessary'

One of the process plant companies commented last night: "We feel that planning agreements are unnecessary, because we have always worked closely with the Department of Industry, particularly on the heavy fabrication side."

The Confederation of British Industry voiced its objection last week to planning agreements, following their specific mention in the Queen's Speech.

The CBI believes that in return for voluntary participation in planning agreements the Government might find ways of discriminating in favour of certain companies. Another strong worry among CBI members is that politically active trade union leaders at national level might find themselves in possession of confidential information about several companies in an industry. It would not seem practicable to retain the confidentiality of such information.

The CBI has made these points to Mr. Varley and has also told him that planning agreements would make industry less flexible, do nothing to improve business efficiency, expose the Government's inexperience at micro-level industrial decisions, and might damage industrial relations.

The process plant-makers are concerned that only five of the 280 member companies of the Process Plant Association have been invited to discuss setting up planning agreements. They are anxious that companies not invited, or those that refuse to conclude agreements, should not be discriminated against. The companies going into the talks would also like to be sure that the trade union signatories to planning agreements also accept the planning objectives set out by the Government.

Judging by the extreme caution expressed by companies

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Editorial comment Page 18

Leyland problems ease as output rises at Cowley

BY ROY ROGERS IN COWLEY

BRITISH LEYLAND'S car production problems eased yesterday when output at its Cowley, Oxford, assembly plant rose "considerably" and a damaging strike at Leyland's Castle Bromwich, Birmingham, car body plant was resolved.

Cowley management described yesterday's output of Princess and Maxi cars as "considerably better" than in recent weeks and therefore did not carry out their threat to send workers home.

But at 23 cars an hour, Cowley production was still some way short of the 28.5 target and management has clearly softened the tough line set out in letters from Mr. Des North, plant director, to workers only last Friday.

In these letters Mr. North stressed that failure to achieve an average production level of 28.5 vehicles would mean the closure of the works.

Yesterday's apparent change of heart by the company is understood to be due to the fact that supply problems—believed to be shortages of vehicle bodies, cable harnesses, and German-made door-handles—prevented production for almost two hours yesterday, and because management has at last succeeded in arranging a meeting with local union officials on a long-standing regrading demand by 150 engine tuners whose strike closed the plant for five weeks early this year.

The report from a joint management-union inquiry into production difficulties surrounding the new Princess model is imminent and could also have some bearing on the company's changed attitude, especially if it confirms union claims that mismanagement is a major factor behind the problem.

Meanwhile the company intends to continue to review production performances at Cowley but unless they fall off drastically it seems unlikely that last Friday's ultimatum will be carried out.

Local officials of the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers will meet management this Friday to discuss the tuners' regrading demand. They may also consider other similar claims from inspectors and testers which have recently been backed up by sanctions.

Leyland has stressed that it can only look at these demands in the context of a complete overhaul of the Cowley wages structure and outlines of management's thoughts in this direction may emerge on Friday.

Following the January tuners' strike, an inquiry set up by the Advisory Conciliation and Arbitration Service recommended that the tuners, who had been seeking skilled status, be put into a new semi-skilled category.

So far the findings have not been implemented because of the fear of similar regrading demands from other groups of workers and because the TGWU has opposed their implementation.

Jaguar and Mini production in the Midlands should begin returning to normal following settlement yesterday of the Castle Bromwich dispute.

The 230 strikers have agreed to return to work to-day and allow negotiations on their dispute over production levels. This will allow the recall of 4,500 workers made idle at Castle Bromwich and at Jaguar, Coventry and Longbridge, Birmingham.

Iran National envisaging cut in Chrysler order next year

BY ROBERT GRAHAM TEHRAN, Nov. 24.

IRAN NATIONAL, the company which has a contract with Chrysler U.K. to build the Iranian version of the Hunter, is envisaging a reduction in its orders for the car next year.

The Iranian contract, the biggest single export order for the British car industry, accounted for a substantial part of the £90m. Chrysler U.K. earned in exports in the first half of this year, and is one of the key issues in the debate on whether the Government should mount a rescue operation for the company.

The Prime Minister has mentioned the importance of protecting this deal in his comments on the company's financial crisis.

It has been clear for some time that the contract had run into temporary problems.

Two months ago, when Chrysler announced that Iran National had scaled down its order from 150,000 units to 120,000, the British company placed the work force at its Stoke engine plant on a three-day week.

The Stoke plant makes most of the parts which are shipped to Iran in "knocked down" form for local assembly.

Now the order has received a further blow, chiefly because a new press shop being built in Iran is not yet complete. The delay in commissioning the plant has meant that only 75,000 Hunters—called the Paykan in Iran—have been made this year.

As a consequence, Iran National has some 50,000 KD (knocked-down) units in stock waiting to be assembled, and some 28,000 more being shipped.

Although this means that Iran National could continue production for much of next year from units in stock, the company is extremely anxious about the prospects after that, when it was aiming to be making more than 150,000 Paykans a year.

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Ford shop stewards in pact Page 13

At this stage, the prospect of Iranian money being pumped into Chrysler to keep it alive is ruled out. But if Chrysler U.K. is allowed to collapse, it would mean Iran National switching to a new international partner and additional investment costs of some $100m.

Iran National's plant outside Tehran would have to be retooled, costing a minimum of £10m.-£15m., and new distribution and spares system would have to be established.

Iran National also points out that on a broader level British industry would suffer. GKN, for instance, is building a plant for clutches, propeller shafts and universal joints.

Lucas, Smith's Industries, British Oxygen and Armstrong are also all embarking on other component ventures. "If we bring the Japanese here, for instance, I am sure they would want their own component industries," an Iran National official commented.

Preliminary discussions have been held with a number of European and Japanese manufacturers, including Chrysler France, Volkswagen and Fiat—and also Chrysler in Detroit.

However, these discussions have only been in broad terms and are hanging fire until the fate of Chrysler U.K. is known.

The hope still is that the British Government will provide a rescue operation. Officials point out that by 1977, Paykan production could reach 200,000 providing the equivalent export orders to the U.K. worth over £150m.

Moreover, they envisage dependence on imported parts for a good 10 years and after that there would still be royalty fees.

[illegible]r in New York

	Nov. 24	Previous
Spot	$2.0330-0337	$2.0376-385
1 month	1.12-1.07 dis	1.12-1.08 dis
3 months	2.57-2.52 dis	2.55-2.46 dis
12 months	7.95-7.25 dis	7.34-7.60 dis

Union in new threat to NHS

By John Elliott and Christian Tyler

A FRESH threat of industrial action in the National Health Service was issued yesterday within a few hours of the Government harnessing the support of the TUC in its battle with junior hospital doctors over its £6 pay policy.

The new threat came from the Confederation of Health Service Employees, the nursing and hospital manual workers union, which warned that its 143,000 members would take action unless they were given a substantial voice within a month on NHS expenditure and staff cuts.

This makes three threatened or actual cases of industrial action in the NHS—the others being the junior doctors' militant pay campaign, which spread yesterday, and the hospital consultants' threatened work to rule over private practice.

Some local health authorities have approached family doctors to stand in for hospital staff, which has provoked angry comment by doctor's organisations.

The TUC was brought into the junior doctors' overtime pay dispute during the regular monthly meeting of the Labour Party-TUC Liaison Committee, which was attended by two senior Ministers — Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Michael Foot, Employment Secretary. Both have recently spoken in support of the firm stand adopted by Mrs. Barbara Castle, Social Services Secretary.

Union leaders such as Mr. Jack Jones of the Transport Workers were clearly angry and concerned about the impact the doctors' militancy may have on the £6 policy.

Statement

This was reflected in a joint statement from the politicians and union leaders after the meeting. They said that they "underlined the need for the doctors to settle within the £6 policy—a policy which is being followed by every other section of the community."

They also lined themselves up against the consultants by welcoming the Government's plans to phase out NHS private practice which, they said, had "the full backing of trade unionists in the NHS and of trade unionists as a whole."

When it issued its warning about industrial action, CoHSE also said that any staff cuts would inevitably have to lead to a reduction in routine admissions to hospitals because the union's members were not prepared to take on more work.

At a special executive meeting yesterday the union also decided to seek an urgent meeting with Mrs. Castle, to put its case

Continued on Back Page

Tory attack puts strain on Ulster policy

BY JOHN BOURNE, LOBBY EDITOR

THE STRAINS on the joint Labour-Tory approach to Northern Ireland's problems increased sharply yesterday after a united Conservative attack in the Commons on the Government's security policies.

Last night, Ministers believed that the attitude of Mr. Airey Neave, the Opposition's spokesman, would make it more difficult for the Government to continue private discussions with him and perhaps also with Mrs. Margaret Thatcher, his party leader, about its policies on the Province.

Although saying that Mr. Neave had not yet broken the bi-partisan approach to Northern Ireland, they maintained that his line in the Commons yesterday was to try to turn the role of the security forces and also the detention issue into a "political football."

They argue especially that his claim that "many of the people who were in detention" came from South Armagh — where three British soldiers were killed on Saturday—is simply not true.

Whitehall sources pointed out last night that no South Armagh person had been released from detention since last December and that no one from the area was still in detention.

In Belfast yesterday, the GOC, Lt.-Gen. Sir David House, said that the South Armagh area was particularly difficult and hostile with minimum co-operation from the community.

There was no doubt that yesterday's Commons exchanges were the most bitter for a long time.

Commenting on the deaths of the British soldiers, Mr. Neave demanded to know when the Government would give "some evidence of leadership and decision in fighting terrorism."

Mr. Stanley Orme, Minister of State, Northern Ireland Office, replied: "It ill becomes you to talk like that when the Army is in the position it is in at the moment, and to play politics with the Army."

Mr. Orme had earlier said that four men had been arrested in Ulster and were helping police inquiries into the South Armagh deaths.

Uproar broke out when Mr. Winston Churchill (C., Stretford) said that young British soldiers were being betrayed by "spineless and gutless politicians." Labour MPs shouted "disgraceful" and Mr. Orme said Mr. Churchill's remarks were too despicable to warrant a reply.

Mr. Orme repeatedly denied that political control of the Army was hampering its operations. "There is no political direction which restricts the security forces in carrying out their duties in South Armagh."

The 10 United Ulster Unionist MPs will abstain on to-night's crucial vote on the Tories' economic amendment to the Queen's Speech, Mr. Enoch Powell will tell the Commons to-day.
Back Page

Giles Merritt writes: A "crisis rally" of Ulster Unionists has been called for to-night in a Belfast suburb following the renewed row over Government security policy in South Armagh.

It is to be addressed by the Unionist coalition's ruling triumvirate—Mr. Harry West Official Unionist leader, the Rev. Ian Paisley Democratic Unionist, and Mr. Ernest Baird, who recently split with Vanguard leader Mr. William Craig to form the United Ulster Unionist Movement.

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FEATURES

ON OTHER PAGES

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هكذا من الاصل

LOMBARD

Rival attractions of silver

BY C. GORDON TETHER

ALTHOUGH the formal demonetisation of silver was completed almost everywhere during the 19th century, the metal has continued to maintain a presence of one kind or another in the monetary picture. There now seems to be a distinct possibility that the adverse impact on gold's appeal of the latest efforts to promote that metal's demonetisation will enable its rival to enjoy something of a come-back in the monetary sense.

For it can be argued—quite a few of the international investment letters are, in fact, doing so—that for those thinking in terms of a "precious metal" answer to the problem of safeguarding wealth against inflation silver is, for the moment at least, the better bet.

There can be no doubt that, fundamentally, the decisions reached on the future role of gold at last September's IMF meeting represent an important step towards its re-monetisation rather than the move in the opposite direction they were represented to be for official face-saving purposes. But that does not alter the fact that they have had the effect of injecting new factors into the gold situation which have gone some way to erode the metal's popularity as a hedge against inflation.

Stocks

One reason for this is that the official demonetisation propaganda has not been without effect on holders of gold—particularly on those who have been holding the metal for speculative purposes. Is it not just possible, they have started asking themselves, that we stand at the threshold of a period during which the great bulk of the world's considerable stock of official gold will be liquidated—creating the prospect of a market wherein supply will be constantly tending to run ahead of demand?

Equally off-putting has been the fashionable theme that, even if the bigger nightmare just outlined is not going to materialise, the open market in gold may nevertheless be under considerable pressure during the next year or so as a result of the implementation of the plan to liquidate IMF gold for creating an aid fund for the poor nations.

Is it not likely, so the argument runs, that this will lead to an excess of supply in the absence of central bank willingness to provide support—meaning that control of the open market price has effectively passed out of private hands into official ones which will, in all probability, be predisposed to use their influence for keeping it down.

It is, of course, questionable whether the execution of the scheme to encash Fun gold will, in fact, lead to an excess of supply, given the widespread expectation that global inflation is destined to continue to run at a fast pace. And it is even more questionable whether central banks really want to hold gold's price down if the final decision in the matter does come to rest with them. The main point I want to make here, however, is that these fears have taken root to a sufficient extent to prompt comparisons between the hoarding appeal of gold and silver featuring the contention that the latter is not lumbered with disadvantages of this kind.

Its identity

It is pointed out in this connection that silver is about the only metal in the world with an annual consumption that is running well in excess of production—the gap has been filled up till now by the liquidation of official stocks supplemented by some private dis-hoarding. And it is also stressed that, because silver's demonetisation has left Governmental stocks so depleted, there is no prospect of the behaviour of the open market price being prevented from responding to the onward march of inflation by official activity.

Remembering, the argument continues, that there are good reasons for thinking that some of the newer uses for silver will be making increasing demands on production in the years ahead—for example, that arising from the new emphasis on exploiting nuclear energy—the metal can be said to have more going for it than gold and becomes, therefore, the better inflation hedge of the two for the time being.

If this reasoning is sound, the way is clear for a significant revival of interest in silver as a monetary metal at private level. This has not, it has to be said, shown many signs of materialising yet. But, according to Green's Commodity Market Comments, the U.S. precious metals review, this is because silver has yet to regain its own identity. "Crowd psychology" it says "has been to relate the metal to grains and gold," with the result that it has reacted sympathetically to the fall in gold.

The matter is obviously worth thinking about. There can be no doubt that, over the longer run, gold will continue to provide the adequate protection against a fall in the value of paper money it always has done. But there is quite a lot to be said for considering the rival attractions of silver for this purpose until the likely short-term consequences of official manipulation of the gold situation become easier to discern.

RACING — BY DOMINIC WIGAN

Davies—the man to follow

THE FORMER champion jockey Bob Davies, who, with his principal trainers maintaining fine form, must rank as a serious threat to John Francome and Tommy Stack in the race for this season's championship, could well be the man to follow at Plumpton to-day.

I hope to see Terry Biddlecombe's brother-in-law achieve a treble on the Sussex track by taking the final three races on Tudor Risk, Napoleon Brandy, and Riberone.

Tudor Risk, Davies's mount in the Galleano Chase Challenge Cup (2.45), put up a respectable display on his only previous appearance this term when showing up prominently before tiring and fading out of contention in Ascot's Charles Davis Chase 10 days ago.

With the benefit of that outing behind him, Frank Cundell's charge, an easy winner from Winter Fair at Huntingdon on his final outing last season, should prove up to dealing with to-day's five opponents, best of whom is probably the talented but erratic Trust Vulgan.

Napoleon Brandy, whom Davies rides for Cundell's long-time assistant, David Morley, in the Scaynes Hill Chase (3.15), has also had one previous race in the present campaign.

This came at Folkestone a fortnight ago, when Napoleon Brandy was not hard-pressed to make a successful reappearance in the Heathfield Chase over to-day's trip of three miles.

PLUMPTON
1.15—Moisons
1.45—Sycamore
2.15—Go Perrys
2.45—Tudor Risk
3.15—Napoleon Brandy**
3.45—Riberone***

LUDLOW
1.15—Clifton Fair
1.45—Quickapenny
2.15—Tinker Boy*
2.45—Golden Batman
3.15—Burnaston

WETHERBY
12.30—King's Comet
1.00—Bountiful Charles
2.00—Broncho II
3.00—Hopeful Curtis

Always going well there, the Bury St. Edmunds eight-year-old got up on the run in to catch and pass Le Robstan: winning going away by two and a-half lengths.

A reproduction of that Folkestone form ought to enable Napoleon Brandy, the bottom weight with 10 st., to oblige again—possibly at the expense of the course specialist, Barmer, who is at the other end of the handicap.

Half an hour after the Scaynes Hill Chase, I shall be surprised and disappointed if *Riberone* cannot make it third time lucky in the Three-Year-Old Novices' Hurdle (3.45).

This stablemate to Napoleon Brandy followed a respectable initial effort over hurdles at Fontwell by running third behind his highly promising stablemate, Havanus, and Captain Nolan at Leicester last week.

If, as appears to be the case, he is on the upgrade, Riberone ought not to be hard-pressed to open his account here.

In addition to Plumpton, there are two other meetings scheduled for to-day, Ludlow and Wetherby.

At Ludlow, where *Quickapenny* is taken to defy top-weight in the laboriously-named Knight, Frank and Rutley Opportunity Handicap Hurdle (Qualifier) (1.45), it will probably pay backers to row in with the New Zealand-bred *Tinker Boy* in the Corvedale Handicap Chase half an hour later.

Broncho II, re-routed from Ludlow, may prove up to giving weight away all round in Wetherby's Rufforth Handicap Chase (2.00).

SALEROOM — BY ANTONY THORNCROFT

A flood of Victorian ephemera

FOR THE past ten years, Sotheby's has been remorselessly selling off the books, historical documents and manuscripts amassed by the Victorian eccentric Sir Thomas Phillipps. He died more than 100 years ago, leaving his vast collection to the Government which promptly refused to have anything to do with the considerable weight of uncatalogued paper.

Eventually, it was acquired by Robinsons, the booksellers, and it is the Robinson Trust which has passed on the dispersal to Sotheby's. So far, more than £2½m. has been realised, and there are many more sales to come. Yesterday's added £18,588 to the total. The next, on Friday, is interesting since it consists of ephemera, in the form of broadsides, posters and pamphlets. It is the first time Sotheby's has sold such things, and the sale is taking place at its Chancery Lane rooms.

Yesterday's sale of books printed between 1641-1700 went according to plan with only £17 worth of stock unsold. The best price was the £680 (estimate £300-£400) paid for "The Reformed School" and "The Reformed Librarie Keeper," two works of around 1650. The latter is the first book in English on library economy. A first edition of Cowley's "The Mistresse," a series of love poems, made the same price.

Friday's sale is strategically placed for Christmas, since many of the lots are expected to make between £10-£40. On offer are such pictorial broadsides and pamphlets as "Merry Songs which are now singing at the Theatres Vauxhall" in 1800; "Full Particulars of the Horrid Murder in Eastcheap," 1840; a prospectus for "the Pantechnicon near Hyde Park Corner" (now Sotheby's, Belgravia) in 1832; and pictorial handbills for "Astley's Royal Amphitheatre, Westminster Bridge Road—Glorious Spectacle" and "Wonderful Performing Elephants," both of 1846 and advertising the first circus in the U.K.

There are posters for early race meetings, announcements on the sale of fine estates, anti-drink treatises, and handbills relating to balloon ascents, among much more, all collected by Sir Thomas to "preserve the fleeting memorials of past history."

Coming back to reality, Sotheby's also held a sale of glass paperweights, which made £23,232. The top price was £1,700 (within forecast) for a Clichy flat bouquet weight which had sold for £280 in the same rooms in 1963. A rare Baccarat magnum weight made the same price, well above forecast.

At Christie's, the main attention in a sale of later Chinese ceramics settled on a pair of famille rose goose tureens of the 18th century, 16 inches high and dating from the Ch'ien Lung period. They were bought by Speelman for £18,900, at the lower end of the forecast. They might have made more but were slightly damaged. The rest of the sale, which totalled £61,310, went very well, with practically every lot selling.

MOTOR SPORT

Escorts lead as rally takes toll

By John Griffiths

THE TORTUOUS mountain roads of North Wales have taken a heavy toll of Lombard/RAC rally crews. The 156 survivors arriving for an overnight halt in York yesterday evening already looked much the worse for wear, with another full day and night still to go.

Finland's Timo Makinen has been widening the gap between his Escort and Stig Blomqvist's Saab. But Blomqvist now has the Escort of Britain's Roger Clark breathing down his neck, a mere 10 seconds behind, and this despite one gearbox change overnight and possibly another needed before to-day's restart.

Three more Escorts are in fourth, fifth and sixth places—those of Britain's Russell Brookes, Tony Fowkes and Billy Coleman respectively

FILM AND VIDEO — BY JOHN CHITTOCK

Accentuate the positive for the right response

IN THE wake of videocassettes, teletext, microfiche, digital television and a variety of new communications technologies, it has become almost too easy to think of film as an old-fashioned medium. Yet film remains the original and unique stimulant. The classic example of this process at work has always been the safety and accident-prevention film. Posters and lectures may educate and inform, but in the end accident prevention relies on people taking active preventative measures. Films have proved their worth here many times over, perhaps most widely in the "clunk-click" seat belt television commercials.

One of the latest safety offerings on film comes from the British Insurance Association, whose films on safety have usually set a standard for others to follow. *Safety—Everyone's Business* might almost have been the BIA's first, rather than most recent, film, because it deals with the fundamental problems of industrial safety. Although a very straightforward film, showing commonplace hazards in the factory and some frightening simulated accidents, including the most effective I have seen on film when a man loses his hand on a circular saw, it drives the points home.

The film was made as a contribution to the Health and Safety at Work Act, and should be seen in every factory in the country. It is unlikely to have a saturation distribution: safety is only everyone's business as long as it doesn't cost too much money.

Audience

Yet size of audience is not always important, as Montague L. Meyer, the timber group, has been demonstrating recently. The group's first venture into film production is a kind of company report with Mr. John Meyer, the chairman, being interviewed about trading prospects, and some general location shots to give an impression of what this fast-growing company owns and does. MLM has screened the film to financial journalists, investment managers and others in the City. The cost of such an operation, about £5,000, is slight when weighed against the possible returns. In this case, MLM has a complex range of subsidiary companies; and with a rapidly changing operation, an early priority is to educate key people in the City. The film is the brainchild of an experienced public relations man, Mr. Bill Rodger, who was brought in as the company's first appointment in this area.

In these situations, film really is a unique stimulant, giving a company a chance to tell its story in a way that will make people listen (or rather look), and leave an indelible mark. Many other examples have appeared in just the past few weeks, such as a film from the Electric Vehicle Association which provides plenty of visual testimony to the attractions of this kind of transport. There has also been Kent County Council's enterprising film-and-book package called *The Making of Kent*. This was a European Architectural Heritage Year project, and at a time when local authorities are being criticised for wasteful spending, I find this a wise investment of ratepayers' money. Although lacking originality, the film will serve to remind everyone, especially children, that architectural heritage has its place in the quality of life.

Luxury

If viewers care even more basically about life itself, regarding qualitative assessment as a luxury, they may well be deeply disturbed by *The Curiosity that Killed the Cat*, a film sponsored by the National Anti-Vivisection Society. I care so much about animals that I frankly funked the chance to see this film, which deals with the brutal things that animals suffer in the name of research. No doubt people may justifiably argue that a film that even frightens off hardened film critics is the wrong one to make. Perhaps a positive approach, a film that stimulates people to care strongly about animals, might be better.

Film is often seen at its best when trying to stimulate positive attitudes. However effective the impact of showing horrid things, the invariable result is that the audience feels emotionally drained and maybe wants to forget. British Petroleum is a past master at positive approach—taking [illegible]cult environmental or poli[illegible] subjects and giving them, [illegible] film, a skilful treatment [illegible] emerges as uplifting wit[illegible] any sense of dodging the iss[illegible]

Political

BP's latest, *Sea Area For*[illegible] repeats this pattern of succe[illegible] in telling the story of Brit[illegible] first productive off-shore [illegible] field. Political touches a[illegible] such as a quaint referenc[illegible] the "east coast of Brit[illegible] rather than Scotland, this [illegible] thumping good film in the [illegible] and best traditions of d[illegible]mentary. At last it shows [illegible] film some shots of really r[illegible] sea, and conveys a far b[illegible] sense of the hazards and dr[illegible] than any home-baked televi[illegible] series.

This is for me the best [illegible] I have seen about North [illegible] oil. Although it is the [illegible] recent, it is also the most b[illegible] telling the story for the [illegible] public with outstanding vis[illegible] to heighten the experience, [illegible] one seeing this will be lef[illegible] any doubt about the inc[illegible]bility of North Sea oil pro[illegible]tion, of the tenacity and cou[illegible] of the men, however hi[illegible] paid, and the efficiency of [illegible] management in seeing the [illegible]ject through. No medium o[illegible] than old-fashioned film c[illegible] ever hope to achieve that n[illegible] for its sponsors.

High output a[illegible] Westthorpe pi[illegible]

Output at Westthorpe col[illegible] near Killamarsh in north De[illegible]shire, has reached more [illegible] 100 cwt. per man shift in a w[illegible] the NCB has announced. [illegible] national average is only abou[illegible] cwt. All the coal produced b[illegible] 680 miners at the 50-year old [illegible]liery goes to power stations.

GIBBONS' GB CATALOGUE

A third edition of Sta[illegible] Gibbons' Great Britain Specia[illegible] Catalogue, Volume 3, cove[illegible] pre-decimal stamps of the pr[illegible] reign, will be published [illegible] Stampex in February 1976. [illegible] issues will in future be prese[illegible] in two volumes: Volume 3, [illegible] decimal; and Volume 4 (to f[illegible] later in the year) decimal sta[illegible]

TV/Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 12.30 p.m. Bilidowcar. 12.55 News. 1.00 Pebble Mill. 1.45 Barnaby. 2.02 For Schools, Colleges. 3.58 Regional News (except London). 4.00 Play School. 4.25 Deputy Dawg. 4.30 Jackanory. 4.45 Animal Magic. 5.10 John Craven's Newsround. 5.15 Emu's Broadcasting Company. 5.40 Magic Roundabout.

5.45 News.
6.00 Nationwide.
6.45 "The Mouse on the Moon," starring Margaret Rutherford.
8.05 Francis Durbridge Presents.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.10 News.
9.25 Play for To-day.
10.35 Tonight.
11.10 Milestones in Working-class History.
11.35-11.37 Weather / Regional News.

All Regions as BBC 1 except at the following times:

Wales—2.40-3.00 p.m. For Schools in Wales. 6.00-6.45 Wales To-day. 6.45-7.10 Heddiw. 7.10-7.40 Ar Saffari. 7.40-8.05 To-morrow's World. 11.10-11.35 Dewch i Siarad. 11.35 News and Weather for Wales.

Scotland—6.00-6.45 p.m. Reporting Scotland. 11.10-11.35 Guidance and Counselling. 11.35 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.45 Scene Around Six. 11.35 Northern Ireland News Headlines.

England—6.00-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

11.00 a.m. Play School.
3.00 p.m. Parents and Children.
3.30 Images for Sale.
6.40 Ensemble.
7.29 Weather.
7.30 Newsday.
7.50 The Book Programme.
8.15 Floodlit Rugby League.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.10 The Musical Time Machine.
9.55 Pro-celebrity Golf.
10.45 The Old Grey Whistle Test.
11.25 Newsnight.
11.40-11.45 Closedown. Stephen Thorne reads "A Failure," by C. Day Lewis.

LONDON

9.30 a.m. Schools Programmes. 12.00 Paperplay. 12.10 p.m. Rainbow. 12.30 Regional Flavour. 1.00 First Report. News. FT index. 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Couples. 3.00 A Raging Calm. 3.55 General Hospital. 4.25 Look Alive. 4.50 Magpie. 5.20 The Ghost and Mrs. Muir.

5.50 News.
6.00 Today.
6.30 Crossroads.
6.55 Tuesday Star Movie: "Halls of Montezuma," starring Richard Widmark, Jack Palance and Karl Malden.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.10 The Nearly Man.
10.10 News.
10.40 Bath: Demolition by Neglect.
11.40 His Face is Familiar—What's He Done?
12.10 a.m. What Did You Learn at School To-day?

All ITV Regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Let's Face It. 5.20 Wait Till Your Father Gets Home. 6.00 About Anglia. 7.00 Cartoon Time. 7.15 The Tuesday Movie: "The Harness," starring Lorne Greene. 11.40 Reflection.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 Around the World in 80 Days. 6.00 ATV Today including Police Five. 7.00 Cartoon Time. 7.10 The Tuesday Movie: "Too Many Thieves," starring Peter Falk. 11.40 A Present From the Past. 12.10 a.m. Father Paschal.

BORDER

11.20 p.m. Border News. 2.00 Houseparty. 5.20 The Beachcombers. 6.00 Border News and Lookaround. 7.00 Betty Boop Cartoon. 7.15 TV Movie: "Fireball Forward" starring Ben Gazzara. 12.10 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Wait Till Your Father Gets Home. 6.00 Report at Six. 7.00 Curtain Raiser. 7.10 TV Movie. 9.00 Life in France. 11.40 Commentaires et Previsions Meteorologiques.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Houseparty. 5.20 Wait Till Your Father Gets Home. 6.00 Grampian Today. 6.10 Country Focus. 7.00 Cartoon Time. 7.10 The Tuesday Film: "Drop Dead Darling" starring Tony Curtis and Rosanna Schiaffino. 11.40 Ski-ing With Gina. 12.10 a.m. Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 5.15 What On Earth? 5.20 Crossroads. 6.00 Granada Reports. 6.35 University Challenge. 7.00 The Tuesday Film: "Jesse James" starring Tyrone Power and Henry Fonda. 12.10 a.m. Dirty Sally.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. [illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including this week's Top 30 discs and 12.30 p.m. Newsbeat. 2.02 Simon Bates (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) as Radio 2. 6.45 As Radio 2 (9.02-10.15 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Harry Carpenter's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S) including 12.02 p.m. Lombard Rally report. 1.55 Good Listening (VHF). 2.02 Simon Bates (S) as Radio 1, but including on 1500m [illegible]

RADIO 3

[illegible] the BBC (S). 10.45 Mozart—Part 1 (S). 11.35 Interval Reading. 11.40 Mozart concert—Part 2. 12.15 p.m. Cardiff Midday Prom—Part 1: Liszt, Rachmaninov. 1.00 News. 1.05 The Arts Worldwide. 1.20 Mid-day Prom—Part 2: Sibelius. 2.05 Music in Our Time (S). 2.55 Orchestral Music (S). 4.05 A Recital by Agnes Giebel. 4.55 Jazz Today (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Work and Training. 7.30 BBC Manchester Masterconcert—Part 1: Tchaikovsky (S). 8.05 Science on a Range of History. 8.20 Concert—Part 2: Tchaikovsky (S). 8.30 World Drama: "Misalliance," by Bernard Shaw (S). 11.25-11.30 News.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today, including 6.50 VHF Regional News. [illegible]

BBC Radio London — 206m and 94.9 VHF

[illegible]

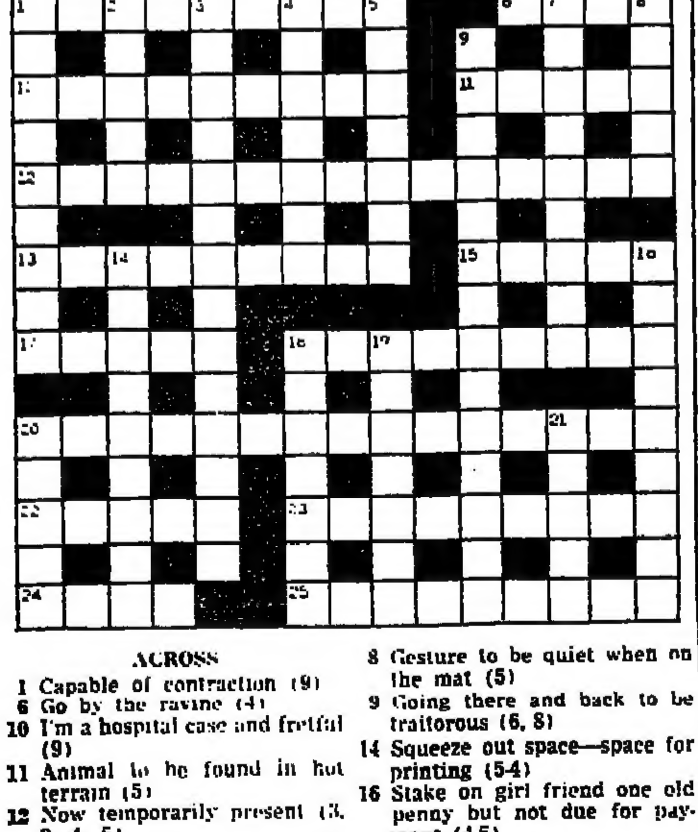
London Broadcasting — 261m and 97.3 VHF

[illegible]

Capital Radio — 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 2,939



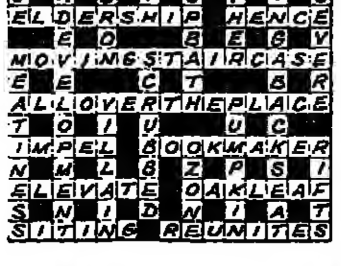
ACROSS

1 Capable of contraction (9)
6 Go by the ravine (4)
10 I'm a hospital case and fretful (9)
11 Animal to be found in hot terrain (5)
12 Now temporarily present (3, 3, 4, 5)
13 Salesman goes in for those who are penitent (9)
15 Supply with eastern repartee (5)
17 Unusual odds? (5)
18 Judges musical instruments (9)
20 Supersonic after Nat's hounds are disturbed (6, 4, 5)
22 Around a round (5)
23 One who keeps records makes cunning and unusual visit (9)
24 Not wild thanks to me (4)
25 Pleased with illumination in the act (9)

DOWN

1 Strengthen engineers in army (9)
2 Information right for a druggist (5)
3 Expire—as an angler might? (5, 4, 5)
4 Whisper to inspire to live (7)
5 Buries mob sent insane (7)
7 Ascribe a quality (9)
8 Gesture to be quiet when on the mat (5)
9 Going there and back to be traitorous (6, 8)
14 Squeeze out space—space for printing (5-4)
16 Stake on girl friend one old penny but not due for payment (4-5)
18 Furrow on soil in old county (7)
19 Opportunity to get left in part of church (7)
20 Quick to accept leader of expedition in party (5)
21 Type of Greek bun I ate partly (5)

Solution to Puzzle No. 2,938



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. ENGLISH NATIONAL OPERA. [illegible]

COVENT GARDEN. THE ROYAL OPERA. [illegible] THE ROYAL BALLET. [illegible]

SADLER'S WELLS TH. [illegible]

THEATRES

ADELPHI THEATRE. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible]

AMBASSADORS. [illegible]

APOLLO THEATRE. [illegible]

ARTS THEATRE CLUB. [illegible]

CAMBRIDGE THEATRE. [illegible]

CASINO THEATRE. [illegible]

COMEDY. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible]

DUCHESS THEATRE. [illegible]

DUKE OF YORK'S. [illegible]

FORTUNE. [illegible]

GARRICK. [illegible]

GLOBE THEATRE. [illegible]

GREENWICH THEATRE. [illegible]

HAYMARKET. [illegible]

HER MAJESTY'S. [illegible]

KING'S ROAD THEATRE. [illegible]

LYRIC. [illegible]

MAYFAIR. [illegible]

MERMAID. [illegible]

NEW LONDON. [illegible]

OLD VIC. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX. [illegible]

PICCADILLY. [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S. [illegible]

RAYMOND REVUEBAR. [illegible]

REGENT. [illegible]

ROUNDHOUSE. [illegible]

ROYAL COURT. [illegible]

ST. MARTIN'S. [illegible]

SAVOY. [illegible]

SHAFTESBURY THEATRE. [illegible]

SHAW THEATRE. [illegible]

STRAND. [illegible]

TALK OF THE TOWN. [illegible]

VAUDEVILLE. [illegible]

VICTORIA PALACE. [illegible]

WESTMINSTER. [illegible]

WHITEHALL. [illegible]

WINDMILL THEATRE. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC. [illegible]

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. [illegible]

CURZON. [illegible]

EMPIRE. [illegible]

LEICESTER SQUARE THEATRE. [illegible]

CINEMAS ARE CONTINUED ON PAGE 10

John's, Smith Square/Radio 3

Carter's Third Quartet

by MAX LOPPERT

iott Carter's Third String tet was first played in New in January 1973. Reports its remarkable qualities ed this page soon after- s; the composition later ved the 1973 Pulitzer Prize. Atlantic crossing has been ially delayed for a work of importance, by a composer uch eminence. First per- ed in this country at ngton earlier this year, it finally given in London rday by the Composers tet from America.

was worth the wait: music despite formidable techni- ifficulties, hardy fewer for stener than for the players, iunicates immediately, and the greatest excitement. it says to the listener is dous to describe; for the of happenings and expres- it embodies is intentionally ibracing, ultimately in- able. Even after a single ng, the senses have been rfully stirred and in- ated by contact with a of the imagination in richly dramatic sound- s crowd upon and grow out ch other.

"make" of the music is lex in depth—for a longer nt of the piece than is ole here, the reader is ed to Andrew Porter's siastic analysis in A al Season—yet clear in out- Two duos, first violin and to one side, second and to the other, forge and pur- musical paths completely endent of each other, in m, tempo and style of play-

result is a musical ario" (the composer's in a pre-recorded talk the performance), in two unsynchronised musi- liscourses yet impinge on other, contrast with and contradict each other, until the "syntax" of the music appears extraordinarily malleable, varied and sensitive. The work draws on every previous experiment undertaken by the American composer in the extension of musically communicable time, notably in the previous two quartets. Yet, in common with each new Carter work, the atmosphere is unique.

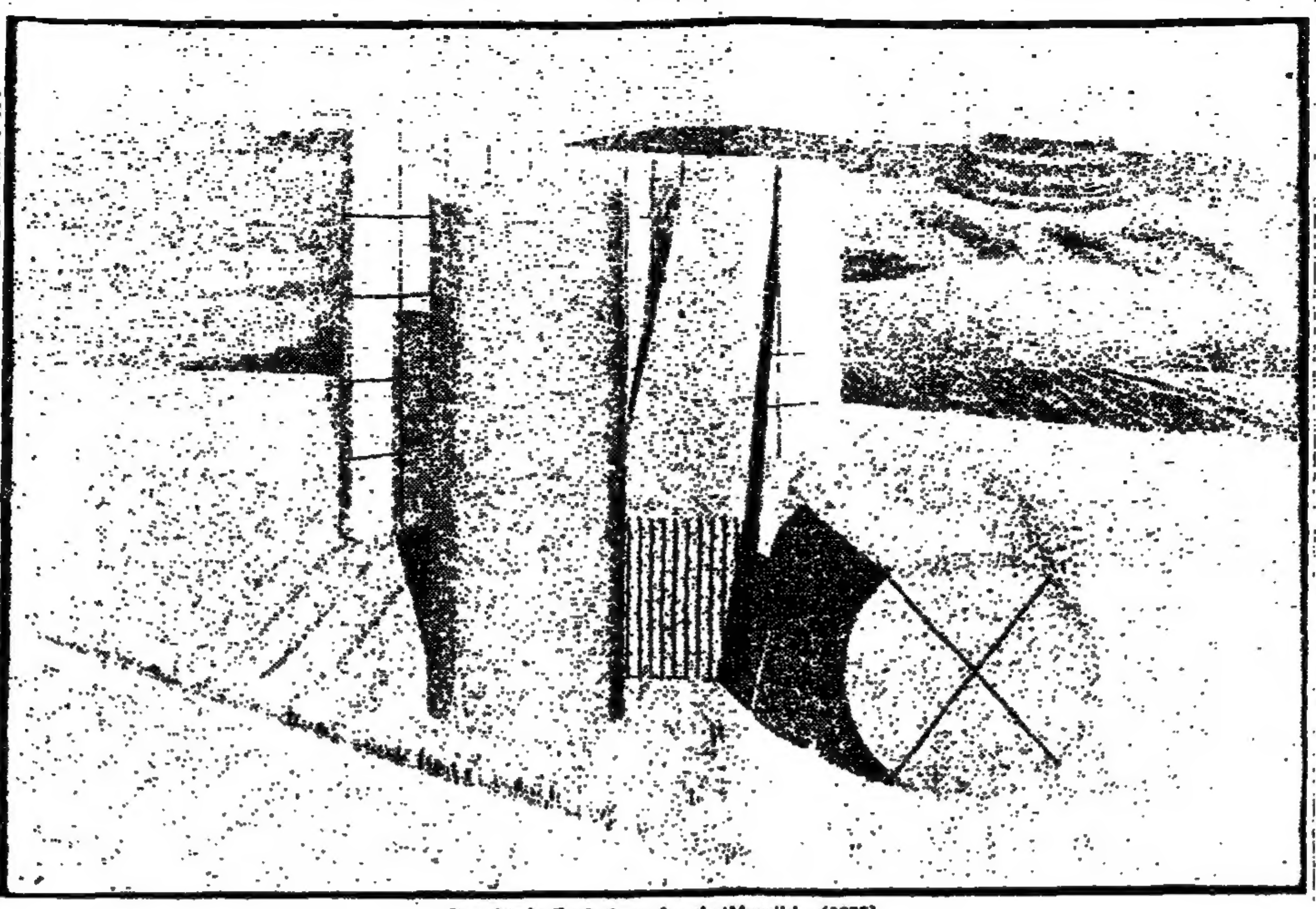
Metaphors can be useful in attempting to convey something of Carter's musical ethos. The composer himself drew an image of two courses of brick in a brick wall, different in pattern and placing, forming a solid, secure structure. In my mind, during the performance, another scenario emerged: of two intelligent couples, juxtaposed in spirited, convivial conversation, whose quite separate subjects and modes of discussion do not prevent the occasional cross-comment, even, towards the end (around bar 440), group discourse. The listener is the eaves-dropping, synthesising ear.

Despite an insufficiently wide separation between the two groups of instrumentalists, and though the reverberance of St. John's proved a little unhelpful in blurring crucial strands, the performance was masterly in expression and sheer accomplishment. (The players each sported an earpiece connected to a "click-tape," which defines a regular pulse and so helps to promote greater accuracy and freedom in the face of nerve-racking rhythmic complexity.) I should have liked an immediate repeat; Debussy's Quartet, which followed, displayed the more conventional but no less admirable qualities of the group—silken tone, keen ensemble, rhythmic liveliness. Only a touch of sensuous warmth was missing.

Tate Gallery/V & A

The art of Paul Nash

by WILLIAM PACKER



Paul Nash: Equivalents for the Megaliths (1935)

One of the most intriguing developments of recent years has been the critical rehabilitation, amounting at times to rediscovery, of British painting of the first half of this century. Written off as parochial, academic, or at best derivative, a tasteful footnote of doubtful relevance to the story of the Modern Movement, English Art had been assessed at far less than its true worth. It was a judgment we made ourselves, and, through misplaced modesty, believed. For nearly 20 years the work of painters like Harold Gilman, Walter Sickert, Stanley Spencer, Edward Wadsworth, David Bomberg and Paul Nash, was confined to the corridors, stair-wells and back galleries of the Tate, if it was hung at all, while current orthodoxies lured us elsewhere. Things are fairer now: indeed, in swinging in the opposite direction, the pendulum may well encourage the enthusiastic revisionist to overstate his case. But we are living through a period, in the arts at least, of reflection, assimilation and consolidation, in which it is possible, and important, to see work in a wider context, and judge it by more generous criteria.

And in this curious process it has become apparent that some of these awkward artists, idiosyncratic and difficult to categorise, are among the most important we have produced for a life-time, deserving rather more than mere national recognition. For example, though a case or two may reasonably be made, it is hard to think that there is a living English painter able to match the achievement of Paul Nash; and this large exhibition at the Tate presents a most powerful, and for me convincing, argument.

Nash had the misfortune, for his lasting reputation, to die comparatively young, not in the first flush of success and promise, but middle-aged, and at a moment when a period of enforced insularity was just ending. To those who were anxious to see what the rest of the world had been doing, he may have seemed the embodiment of pre-war art, as old-fashioned as Art-Deco, and catering simply to middle-class literary and romantic taste. The brave new world was elsewhere. Had he lived he must have survived any temporary eclipse to become our grand old man, more adventurous and original than Nicholson, and more radical, less extreme than Bacon, and less eccentric than Spencer. The rest all fall away.

But now, 30 years after his death, we see from a distance his full stature, and can acknowledge the quality of his work, in all its variety. Its range is astonishing, embracing and absorbing influences as distinct as those of Cézanne and Ernst, Palmer and de Chirico. And all is reconciled through the medium of his palpably English sensibility.

It would be misleading, however, to place too much emphasis on sources and influences. No artist works in a cultural vacuum, anyway; and the creative plundering of another's work is no more than his right. Nash was no wanton eclectic, palely reflecting the ideas and discoveries of better men: his vision was personal and distinct, the synthesis he achieved entirely his own.

The show starts quietly, the work small-scale illustration drawing heavily on pre-Raphaelite and aesthetic symbolism, and the mystical romanticism of Calvert and Palmer: but with the Great War everything changes. Suddenly we are confronted by paintings that are ambitious, in scale as in subject-matter, controlled, experimental, informed, and utterly committed. They are the work of an artist in his first full maturity; and they contain the seeds, still dormant perhaps, of everything that was to come. The dead landscapes, the surreal debris, strange monuments, man's small presence in the landscape, and the symbolic beauty and richness of Nature, all proved to be recurrent themes. But the anger, expressed in bitterly ironic terms, did not last, being replaced by a cooler irony, that treated with the essential strangeness of man's presence in the world, and the memorials he raises to himself, such curious things as megaliths and tombs and earthworks. Nash was ever strongly atavistic. He was also naturally and incorrigibly surrealistic; and it is this combination of qualities which gives his work its peculiar flavour.

The overt surrealism of the twenties and thirties, starting with the metaphysical still-lifes, then the dream voyages and landscapes, the monster fields and megaliths, culminating in the great series of Romantic landscapes, fraught with symbolism, painted in the last year of the Second War, add up to a sustained and major achievement by a major artist. Underpinning it all is a mass of drawing, direct observation and research. There has been no better water-colour painter for a century, and the rooms full of the late water-colours are amazing and delightful, the work unpretentious, free and direct, full of air and light. And there are his photographs too, made for personal reference, and curiously and noticeably absent from the selection of landscape photographs, "The Land," just open at the V. and A.

Nash enjoyed considerable success between the Wars, and, believing that the artist is capable of anything, took on whatever commissions came his way in any of the graphic disciplines. The V. and A. has put together a small but remarkable exhibition of Nash's work as a designer, from early book-plates to Shell posters. He worked for the theatre, he designed fabrics, he decorated glass and china, and the bindings of books, and mirrors and hairbrushes. Limitless and stylish invention, simple and elegant, characterises everything he touched. He was an extraordinary and gifted man.

While at the Museum, two other small shows are worth noticing. "Constable's Stonehenge" provides an excuse, very well taken, for looking at an important water-colour and much complementary material besides, notably a splendid Cotman of Croyland Abbey, and an extraordinary Turner of Stonehenge itself beset by lightning. Next door "Henry Moore's Stonehenge" is less happy, but the supporting work again is interesting, especially the mezzotint by Norman Stevens.

Both Nash exhibitions remain open until the end of December, those of Stonehenge until the end of January.

Round House

Philip Glass

by DOMINIC GILL

Philip Glass (b. 1937) is one of the principal figures of a group of American composers (three others are LaMonte Young, Steve Reich and Terry Riley) all concerned with what have come to be known as "minimal" or "systemic" techniques. Young, Riley, Reich and Glass make use of these techniques in their own different ways: the music of each inhabits its own quite distinct and individual sound-world. But all four composers share certain preoccupations: their works are constructed according to a strict system, usually a permutation of a number of different repeated rhythmic or melodic cells; the process of permutation is strictly predetermined; the focus of the music, its definition and texture, is close, precise and clear. And all of them offer, as Glass describes it, "another mode of listening—one in which neither memory nor anticipation (the usual psychological devices of programmatic music, whether Baroque, Classical, Romantic or Modernistic) have a place in sustaining the texture, quality or reality of the musical experience . . . music as a presence, freed of dramatic structure, a pure medium of sound."

This month, Philip Glass has been making his first major tour of Britain with his group of six musicians, playing extracts from his recent four-hour-long magnum opus *Music in Twelve Parts*. On Sunday night at the Round House we heard five of the twelve parts—and my own reaction to them was divided, rather, into three: part exhilaration, part exhaustion, part disappointment. It was exhilarating to be drawn into Glass's sound-system, and for half an hour maybe to take part in his massive celebration of instrumental colour and pattern—a huge shifting spectrum of counterpoint, fortissimo from first to last, exuberantly shared between a pair of electric organs, voice and organ, alto sax, and two soprano saxophones doubling flutes.

Exhausting too: after half an hour, the unrelenting presence of the music, amplified at first to the edge of the pain-threshold, and later to just below it, was both overwhelming and uncomfortable. Never a moment of boredom: only a surfeit of sound, a blitz of pattern and permutation. How one longed for the kaleidoscope to hold still for a moment, for a little time to focus clearly in peace! Towards the end of the concert, there was even a nasty suspicion that a greater part of the effect of the music might indeed be its loudness—at half the volume would it have commanded our attention nearly so well?

After more than one and a half hours of *Music in Twelve Parts*, it was my own chief disappointment to leave, not with the music itself ringing in my ears, but with a powerful desire —peculiar negative reinforcement—only to hear something entirely different, something quiet, something cool and clean, with a momentum simpler and more expansive, and above all of greater dynamic variety. Where "presence" is concerned, after all, each to his own taste.

Adelphi

A Little Night Music

by B. A. YOUNG

When I first reviewed this, I said that it was a show to be seen two or three times, and I didn't only mean because it was so fine. It is put together in a complex way, with references, verbal and musical, forward and back, and a long sung overture which presents a bunch of people in the first five minutes who prove only to be the chorus, though they are individually characterised. The lyrics, too, are complex, full of allusions and internal rhymes, and are worth hearing every word of.

Angela Baddeley's presence in the part created by Hermione Gingold gave me an excuse for another visit last week. Where Miss Gingold suggested the Almanach de Gotha, Miss Baddeley, squarer and solider, has more about her of Who's Who. Perhaps she began her journey through the bedrooms of the aristocracy as an English nanny.

I still find the opening elusive, and so, I thought, did the audience. Theatre audiences don't, alas, habitually offer the same kind of concentration that opera audiences show; audiences at musicals in particular hate to be asked to think. But given concentration, I still believe that for purely dramatic reasons the opening, with its cinema-like cutting from group to group, doesn't properly fulfil its function of laying out the pieces on the board.

But ah, once it gets going!

New Ashton ballet

A new ballet by Sir Frederick Ashton, a one-act composition *A Month in the Country*, will have its world premiere at Covent Garden next February. It is his first work since he retired as director of the Royal Ballet in 1970.

The ballet is freely based on Turgenev's play. It is set to three pieces by Chopin orchestrated by John Lanchbery, who will conduct the first three performances.

enwood

)h What a Lovely War!

by B. A. YOUNG

at's to be done with the iwood Theatre? It sprang nly into existence in a e and inaccessible corner uthwark, with no apparent . It has the best front iouse amenities of any on theatre. It holds 466 nfort, but I have never seen re than one-third full. Sir Greenwood, to whose umous generosity we owe istence, intended it as a to the people of South on, and its ample bar is nly a gift to the staff of Hospital.

problem of devising a to attract the public to leasant but unlikely place arly far from solution as We had a tiny musical to with, and it attracted no We have had some toler- ouring productions working extra fixture at the end eir lives. We have had A for All Seasons in an original production that did not win much enthusiasm.

This week and next there is *Oh What a Lovely War*. It looks as if it had had about three days' rehearsal both for the 12-strong company and the stage crew. When a French soldier patted the top of his képi to settle it on his head, a cloud of dust flew out. Even though the first world war seems to be regarded in it as some horrific work of fiction, it is impossible not to be moved by this play, and I was moved, just that much. I ask myself, though, if this is what Sir James had in mind for his gift, and if not, what is. I am glad it isn't my job to work it out; there's an uphill job for someone. It is a task that should be worth solving, all the same.

New opera at Southwark

The premiere of Alan Detweiler's new opera *King Saul* will be given at Southwark Cathedral on November 26, 27 and 28, at 8 p.m. The part of Saul will be sung by Rodney McCann, David by Andrew Golder, Brian Parsons as Jonathan. Herrick Bunney will conduct the London Brass Consort and a chamber ensemble.

New York theatre

The bawd and the bard

by GEORGE OPPENHEIMER

The bawd is Roxie Hart, the lady who shot her lover when he was barely out of her bed and was celebrated in a play called *Chicago*. The Bard, as you may have guessed, is Shakespeare who, at this time of year, is celebrated at various locations.

Chicago was a popular play of the Twenties, written by Maurine Watkins and relating the story of Roxie and the corrupt goings-on in Chicago that resulted in her being freed for murder. Now it has been turned into a musical, brassy, brash, lavish, garish and happily amoral.

The nearest thing to it is a blend of a gangster's funeral and a bordello. Bob Fosse, one of the best of the modern choreographer-directors, whose *Pippin* has been a long-lasting hit, is responsible for the proceedings. He has, I fear, made something of a hash of the original antic story in order to serve his brilliance as choreographer. Dances interrupt action and action is kept to a minimum. However, so effective are these dances and dancers that all is forgiven.

Fosse is something of a genius at inventing new patterns in musical numbers, even if they are somewhat repetitive. I have seldom witnessed so many show-stoppers in one show. The chorus and female principals are scantily clad, but they have the forms and faces to carry off their semi-nudity.

Gwen Verdon plays the shooting siren with a disarming innocence and grace and ingratiation. As her rival as a murderess, Chita Rivera dances up a storm. (These were the days when death-dealing ladies vied with one another for publicity and, once free, usually landed on the vaudeville stage as do Roxie and Miss Rivera.)

As their lawyer there is Jerry Orbach as professional a con man as has been seen in many a city, let alone Chicago. He does an impersonation of Clarence Darrow that is little short of startling and becomes the focus of a fan dance with equal imperturbability. Miss Verdon's husband, something of a loving nonentity, is very funny indeed in the person of Barney Martin and Mary McCarty plays the matron of the prison with charm and venality.

And, to fit the temper of our times, there is the usual transvestite, enacted by M. Haughey as a singer sob sister.

Chicago begs you to like it. It pleads and pleads until you almost don't. However, there is so much colour and there is Gwen Verdon to make you repent and end up on its side.

As for the Bard, he is currently to be seen at Stratford-on-the-Housatonic in Connecticut and at the free Shakespeare Festival in Central Park, one more product of Joseph Papp's prolific activities. (He is now in charge of Lincoln Center's Vivian Beaumont and Mitzi E. Newhouse playhouses; the Delacorte in the Park, the Booth Theatre on Broadway and the Public Theatre off-Broadway with its multiple playhouses and, so as to have something to do in his spare time, he dabbles in television.)

In Stratford Morris Carnovsky is again playing Lear and again playing it extremely well. Unhappily, he has not been helped by a weak supporting cast. Apart from Lee Richardson as Kent, Maria Tucci as Regan and Jack Ryland as Edmund, the cast varied from adequate to indifferent to downright bad.

Stratford also mounted a production of Thornton Wilder's *Our Town* under the direction of Michael Kahn and, for that, I can forgive them any flaws in *Lear*. It remains for me one of the best American plays, not alone of our time but of all time and this revival confirms my feeling. Among the standouts are Fred Gwynne as the Stage Manager who narrates the doings of the small town of Grover's Corners in New Hampshire; Eileen Heckart and Geraldine Fitzgerald as the neighbours whose son and daughter marry; Richard Backus as the son and Kate Mulgrew (not quite up to the others) as the daughter; and William Larsen and Lee Richardson as the fathers.

To return to Shakespeare, there is *Hamlet* in the Park with Sam Waterston, last seen in *A Doll's House* opposite Liv Ullmann, as the Melancholy One. Waterston is a good actor but not a good Hamlet. He plays the part as if he were a combination of a schizoid and a cut-up. Much of this must be attributed to the direction of Michael Rudman, who seems eager to sacrifice all to his strange innovative ideas about the tragedy. The costumes are decidedly military and the set is peopled with soldiers, some of whom are garbed in what looks like Ruritanian uniforms and others in what strongly resembles the Chinese Republican Army.

Practically everyone screams to the heavens and Shakespeare's poetry is lost in the din. Only Robert Burr as Claudius, James Cahill as Horatio and Anrea Marcovicci as Ophelia contrive to be somewhat better than the general proceedings.

WORLD TRADE NEWS

Russia expects 12% rise in 1976 trade with Britain

BY DAVID LASCELLES

THE SOVIET UNION foresees good prospects for Anglo-Soviet trade, and expects turnover to top the 1bn. rouble (£650m.) mark next year, an increase of some 12 per cent. on 1975.

This was stated by Mr. V. Kirillin, Soviet Deputy Prime Minister and Chairman of the State Committee for Science and Technology, in an interview with the Financial Times in Moscow.

This year, Mr. Kirillin said, trade should reach 900m. roubles (£580m.) which was only a *small increase on 1974. But negotiations* were going on for several contracts which could be worth up to 600m. roubles (£390m.), and that gave good ground for optimism. Orders had already been placed for machinery and equipment worth 260m. roubles (£170m.) for delivery in the next year or two.

Differences between Soviet and Western trade accounting methods mean the figures quoted by Mr. Kirillin do not square with British ones. But they reveal similar trends. Among the most promising fields, Mr. Kirillin explained, were nuclear energy — where similarities between Soviet and British reactors opened the way to co-operation—*and aviation.*

The Russians are showing strong interest in the Rolls-Royce RB 211 engine, which they need for a planned long-haul wide-bodied aircraft. Talks with Rolls-Royce are understood to be *progressing, and contacts have* also been esablished with several other companies in the aerospace field, including Lucas.

Mr. Kirillin said his committee was talking to other companies covering a wide range of activities. He listed Imperial Chemical Industries (plastics and synthetic fibres); Plessey (radio, electronics); car tyres (Dunlop); textile machinery (Stone Platt); copiers (Rank Xerox); pharmaceuticals (*Beecham*); *and data* processing (ICL). In addition, talks were going on with Shell *and BP* on co-operation in chemicals, fertilizers and proteins, and on the possibilities of collaborating in oil exploration off the Soviet Union's Arctic coast.

According to British sources, some 20 contracts worth over £10m. each are under negotiation between Britain and the Soviet Union, a few of them *potentially very large.* But it was too early to say which would definitely materialise.

The overall improvement in Anglo-Soviet trade has brought about a better balance. Compared with 1973, when the Russians were selling Britain three and a half times as much as they were buying, they are now only selling twice as much. According to Mr. Kirillin, 1975 will end with Soviet exports *worth 600m. roubles (£390m.)* and imports of 300m. roubles (£195m.).

Soviet shipments have declined sharply, mainly as a result of lower timber sales, while U.K. exports have risen by 60 per cent.

As if to confirm improved relations, it is understood that a visit to London has now been fixed *for Mr. N. Patolichev, the Soviet* Foreign Trade Minister, early next month.

Equipment for Lagos port

BY OUR OWN CORRESPONDENT LAGOS, Nov. 24.

MIDSTREAM DISCHARGE of cement from congested Lagos port will rise to about 25,000 tonnes a day in a few week's time when *sophisticated cargo* handling equipment ordered by the Federal Government is put into use, it is learned here. Informed sources said the bulk of the equipment ordered from Europe will arrive by the end of November and will be commissioned almost immediately. The Defence Ministry has yet to take delivery of about 13m. tonnes of cement *out of 16m. ordered last year for* army barrack projects, but shipments are to be spaced over a two to three-year period.

Ship congestion is decreasing, with 286 vessels now waiting at Lagos for berths.

India to order 1m. tons of shipping annually until 1979

BY K. K. SHARMA NEW DELHI, Nov. 24.

INDIA IS to order 1m. deadweight tons of new ships to be built in *foreign yards every year* until 1979, to reach a target of 9.6m. d.w.t. according to sources in the Ministry of Shipping and Transport.

Offers have been received from shipyards in many parts of the world, and those being studied now are from Japan and South Korea. But even those would be accepted only if the price of ships and the terms of payment were satisfactory. The orders to increase India's fleet will be worth Rs.7bn. (£384m.)

The Shipping Development Fund Committee at present has funds to place orders worth *Rs.800m. (£44m.) after already* ordering ships worth Rs.6bn. (£329m.).

Offers *from foreign* shipyards have come because of their surplus capacity owing to the current world glut in shipping, especially of tankers and bulk carriers.

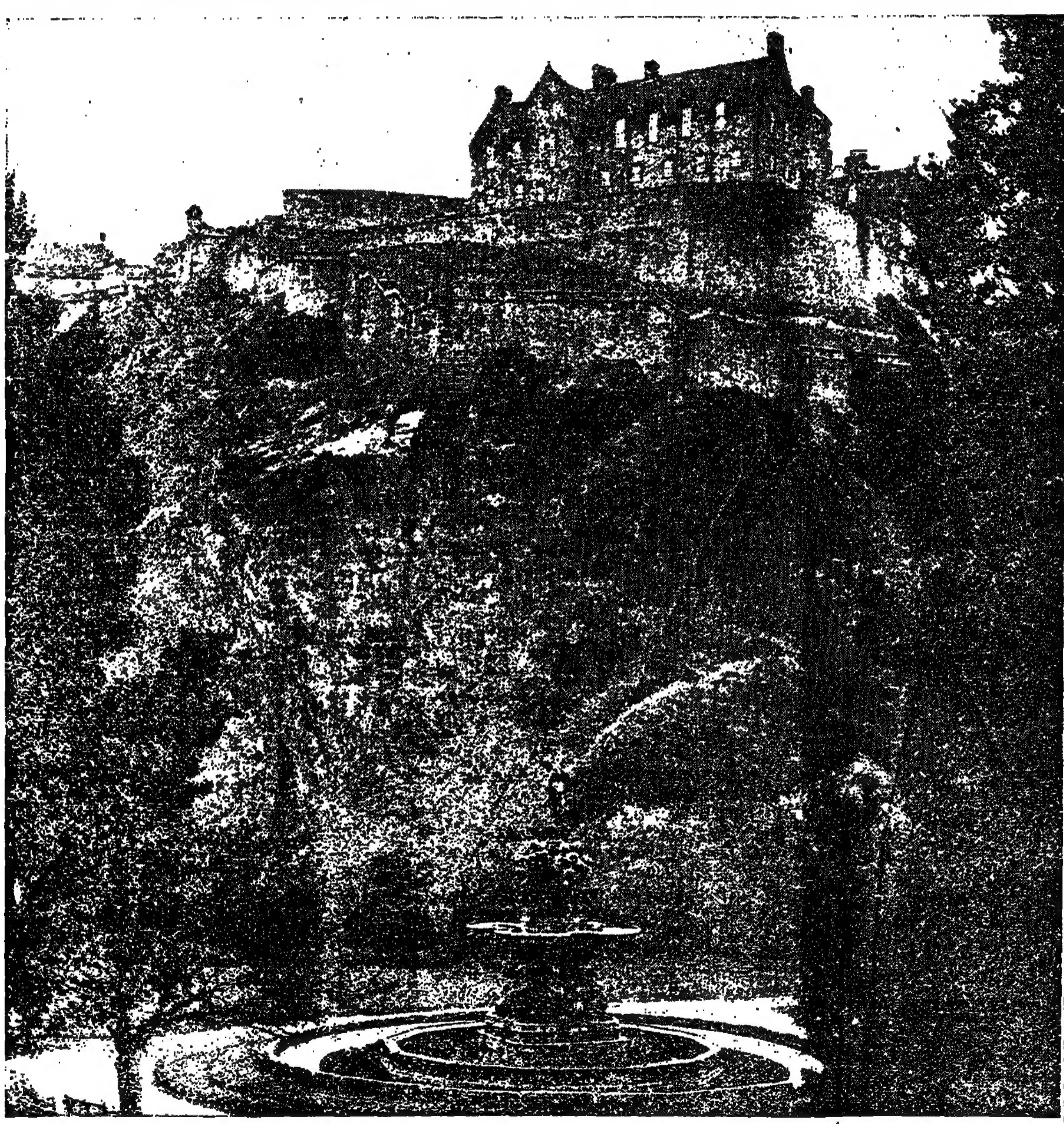
The opportunity will be taken *to get ships as cheaply as* possible, to raise the Indian merchant fleet—now 16th in size in the list of countries, according to Lloyd's Register—to match the country's trade which is increasing rapidly every year.

A much higher tonnage than the present 4.16 d.w.t. is needed to carry cargo. At present only 20 per cent. of Indian cargo is carried in Indian ships because of lack of capacity. This costs the country as much as Rs.2bn. (£110m.) annually in freight paid to foreign ship owners in foreign exchange. By quickly increasing India's shipping tonnage it is hoped to effect a con*siderable saving in foreign ex*change, apart from the increase in tonnage and earnings from transport of cargo of other countries.

Aircraft needed

Indian Airlines is on the lokoout for a short-haul jet aircraft which can operate on short runways and hopes to clinch deals in this respect by early next year. This was stated by Air *Chief Marshal P. C. Lal at a* Parliamentary consultative committee meeting at which members sought the linking of more Indian cities by air.

Marshal Lal pointed out that at present with its available aircraft Indian Airlines is *losing* money on short-distance runs and only 21 out of 85 routes were making a profit. He said he expected the position to improve with the arrival of three airbuses by the end of this year.



UK-German clash on aid policy

By Kevin Rafferty

BRITISH and West German ministers clashed in London yesterday over European aid policy. Mr. Reg Prentice, Minister for Overseas Development, *urged that the Community* should be pressed immediately to provide aid for poor, non-associate countries such as India and Bangladesh which have been hit by *rising oil prices* and the world trade slump.

Mr. Egon Bahr, German Minister *for Economic Co-operation,* said that Community aid must *wait until all nine members had* harmonised their policies.

The EEC has agreed in principle to provide aid to the non-associates, which include some of the largest and poorest countries in the world. The associate countries, the recipients of EEC aid, so far, by comparison tend to be much smaller countries.

Mr. Prentice argued that *the* poorest nations needed as much money as possible now, and that to delay until all nine Community governments had brought their aid policies into line with one another could take years. *If the* Community itself gave aid, that might encourage individual member countries to step up bilateral assistance to the poor nations.

Mr. Bahr commented that although the EEC should not raise a new fund for world-wide aid before it had agreed on a joint policy, that did not mean *Germany* would spend less on aid until that moment. Aid given by the Germans had reached DM3.5bn. (£660m.) this year, and would stay at that level in 1976 despite the Bonn Government's budget problems.

The British Minister also expressed the fear that "harmonising" aid between the Nine might lead to a worsening of *terms of aid* to the poor countries. Britain, for example, has decided to provide assistance to countries with a per capita annual income of $200 or less on grant terms. But Germany makes soft loans to the poorest areas and does not agree with a grant policy.

One reason for the German reluctance to urge EEC assistance for non-associates may be that Bonn already feels it has borne more than its fair share of the European budget, and that such additional aid would only impose more burdens.

Both *Ministers* agreed, however, that there should be a meeting of the nine development Ministers by March, when policy on harmonisation of policies and aid to non-associates could be resolved.

OPEC aid to Third World is rising

BY DICK WILSON

THE FLOW of aid from the *Organisation of* Petroleum Exporting Countries last year covered less than 60 per cent. of the additional oil import bill of the rest of the Third World — $7bn. out of $12bn. and represented only 6 per cent. of total OPEC oil export earnings.

Two-thirds of OPEC aid has been channelled to Arab oil importers.

In the 2½ years since the oil crisis at the end of 1973 only *$1.6bn. of identifiable* OPEC aid funds reached non-Arab Asian oil importers, or 19 per cent. The comparable figures for black Africa and Latin America are $680m. (8 per cent.) and $550m. (7 per cent.) respectively.

Yet *the OPEC states compare* favourably with the industrialised states of the West as aid *donors.*

Saudi Arabia

Saudi Arabia, *for example*, now ranks above Britain as a donor of official development aid (ODA), while Kuwait ranks above Canada. Those two Arab states were fifth and seventh respectively in the list of 1974 *concessional aid givers, after the* U.S., France, West Germany and Japan.

These *facts* are set out in the first detailed report yet to be drawn up on the flow of official petrodollars to those developing countries *not lucky enough* to be oil exporters. The report was prepared for a UNCTAD conference of experts at Geneva.

Five OPEC states (Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates) had already exceeded in *the* first half of this year the 0.7 per cent. of GNP *target for ODA* set by the *Organisation* for European Co-operation and Development — a target which no Western state except Sweden is currently meeting.

The total disbursements of ODA by the OPEC countries *more than trebled last year,* from $US1.1bn. in 1973 to $3.4bn. That represented 1.9 per cent. of their combined GNP, compared with only 0.3 per cent. provided by the industrial countries in the OECD's Development Assistance Committee (DAC). In other words, the OPEC share of all ODA given to the Third World *rose* from a tenth in 1973 to almost a quarter (23 per cent.) last year, and that ratio is being sustained this year.

To those figures must be added OPEC's non-concessional aid flows (as distinct from "soft" *ODA*) and aid *disbursed through* multilateral agencies (including the International Monetary Fund oil facility, 87 per cent. of which was OPEC-supplied as of July 1975), which together totalled $3.6bn. last year and are running at a higher rate this year.

The largest OPEC disbursers in the first half of 1975 were *Kuwait (*$153bn.), *Saudi Arabia* ($1.02bn.), Venezuela ($483m.), Iran ($294m.), United Arab Emirates ($280m.), Nigeria ($271m.) and Libya ($188m.).

The biggest recipients of bilateral OPEC aid in the first months of 1975 were E[illegible] ($1.2bn.), Pakistan ($23[illegible] Syria ($198m.), Jordan ($75[illegible] Oman ($52m.) and Argen[illegible] ($50m.).

There is this year a be[illegible] diversification, particularly [illegible]wards the Indian subcontin[illegible] which received 16 per cent [illegible] OPEC's ODA-type disbursem[illegible] *last year, against only 3 per c*[illegible] in 1973. The area is expecte[illegible] get a larger share this year.

In the 2½ years from 197[illegible] mid-1975 Pakistan receive[illegible] total of $622m. in official O[illegible] aid, bilateral plus multilat[illegible] India $515m., Bangladesh $1[illegible] and Sri Lanka $55m.

The most important m[illegible] *lateral agency for OPEC ai*[illegible] the IMF oil facility, which a[illegible] June 30 had disbursed $1.4[illegible] (including ironically $74m. [illegible] Israel). The UN Special Acc[illegible] disbursed only $98m.

The three Arab-spons[illegible] multilateral funds had give[illegible] total of $268m.-$164m. by [illegible] Arab Fund for the Provisio[illegible] Loans to African Count[illegible] $25m. by the Arab Fund [illegible] Economic and Social Deve[illegible]ment and $79m. by the Orga[illegible]tion *of Arab Petroleum Ex*[illegible]ing Countries' Special Acc[illegible] to Ease the Financial Burde[illegible] Arab Petroleum-Importing Co[illegible]tries.

It is by way of the IMF [illegible] facility and U.N. Special F[illegible] *that most of the OPEC hel*[illegible] India has been channelled.

The three Arab funds [illegible] been concentrated *largely* [illegible] African and Arab beneficiarie[illegible]

The Arab governments c[illegible]nelled 88 per cent. of their O[illegible] type aid bilaterally last [illegible] (whereas) for the OECD c[illegible]tries the ratio was only 73 [illegible] cent.

Iraq, Saudi Arabia and V[illegible]zuela have recently followed [illegible] Kuwait example by setting [illegible] national economic co-opera[illegible] institutions, and there is no[illegible] proliferation of new multila[illegible] *agencies—the Arab Bank* [illegible] Economic Development in Af[illegible] and the Islamic Developm[illegible] Bank—as well as joint vent[illegible] such as Arab Investment C[illegible]pany, Arab Petroleum Inv[illegible]ment Company and Arab B[illegible] for Investment and Fore[illegible] Trade.

Trust funds

Only Nigeria and Venezu[illegible] have so far chosen to estab[illegible] independently-administered t[illegible] funds with existing institution[illegible] Nigeria's $80m. interest-[illegible] *African Solidarity Fund with* [illegible] African Development Bank [illegible] Venezuela's $500m. Latin Am[illegible]can Development Fund with [illegible] Inter-American Developm[illegible] Bank.

The UNCTAD report c[illegible]mends the Kuwait precedent [illegible] placing central bank depo[illegible] with central and commer[illegible] *banks of the countries at qu*[illegible] commercial rates. It also prai[illegible] the Saudi Arabian Monet[illegible] Authority's guarantee of [illegible] Sudanese Government's $20[illegible] Eurobond issue.

GATT group reviews import controls

By David Egli

GENEVA, Nov. 24.

IMPORT CONTROLS of the kind at present envisaged by the U.K. Government, and other temporary trade restrictions to prevent commercial injury, were reviewed in depth here last week *by the Safeguards Group of the* multilateral trade negotiations.

Major trading partners commented on a list of 16 questions dealing with the mechanics of safeguard actions under the General Agreement on Tariffs and Trade. They discussed various technical aspects of Article XIX of the GATT, which permits safeguard action in critical circumstances.

A country has to show that increased imports of a certain product are causing or threatening to cause serious injury to domestic producers of like or directly competitive products.

The discussion turned on such issues as whether a closer definition of injury was necessary, what were the critical circumstances which permitted a government to take safeguard action without prior consultation of its trading partners, and in what circumstances retaliation to such import restrictions was appropriate.

There was also some exchange of views about the recognised fact that a country seeking to restrict imports on a temporary basis frequently invokes other GATT articles, or even takes *action outside the GATT.*

The safeguards issue, an important element of the trade negotiations, is still in a preliminarq stage, and all countries recognise that more research is necessary before attempting to formulate a new or tighter set of rules to deal with trade restrictions.

Mr. Olivier Long, director-general of GATT, has indicated both the importance of the safeguards issue for further trade liberalisation as well as providing very sketchy but carefully worded outlines of a possible new agreement.

The next meeting of the safeguards group will be held in April, by which time it is ex*pected that some governments* will have made written proposals on the question.

Export Contracts

TEMPAIR INTERNATIONAL AIRLINES will operate services for Air Niugini, national airline of New Guinea. Worth initially £1.12m., the contract requires a weekly service Port Moresby-Brisbane / Hong Kong / Manila, using *Boeing 720B* aircraft, with Tempair supplying aircraft, crew, operational and managerial staff. *Staff training* will be undertaken.

TBA INDUSTRIAL PRODUCTS (Turner and Newall) will make asbestos yarns costing £400,000 for Minex, Warsaw, to be used in manufacture of insulation cloths for Poland's shipbuilding industry and for friction materials.

Australian car imports fall

By Kenneth Randall

CANBERRA, Nov. 24

DESPITE AN increase in October, Australian car imports for the first four months of the 1975-76 financial year declined by 55.4 per cent. to *29,397 units,* compared with the first four months of 1974-75.

Imports of Japanese cars were down by 25.9 per cent. to 25,687 units.

The official statistics reflect the import quotas applied at the beginning of this year.

For October, imports, as compared with September, rose 19 per cent. in volume to 7,968 units, with a 6.5 per cent. *advance in value to* $A15.4m. (£9.43m.). Japan's share of 7,194 units was 22 per cent. higher than in September.

Contracts Abroad

HYUNDAI will renovate a[illegible] expand the Saudi Arabian na[illegible] base at Jubail Port, for £181.5[illegible] *Hyundai will build a wha*[illegible] breakwater, a fairway buoy a[illegible] other port facilities. The w[illegible] will take three years. So far [illegible] 1975 South Korean constructi[illegible] companies have secured forei[illegible] contracts aggregating $780m., [illegible] which 60 per cent. is for Sa[illegible] Arabia.

GEORGE WIMPEY CANA[illegible] took in orders during Octob[illegible] worth £4.7m.

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AMERICAN NEWS

Top nations agree on plan to prevent nuclear misuse

BY PAUL LEWIS IN WASHINGTON AND DAVID FISHLOCK IN LONDON

HE U.K., together with six other major nuclear exporting countries, is within sight of agreement on more stringent safeguards to prevent countries that buy their nuclear processing technology for civil purposes from putting it to military use.

An "agreed text" was finally hammered out on November 6 after a series of meetings held in London between representatives of the U.K., the U.S., France, West Germany, the Soviet Union, Canada and Japan.

The text concerns only the three so-called "sensitive technologies"—uranium enrichment, spent-fuel reprocessing and heavy water production—and not the exporting of nuclear reactors.

The agreed "code of conduct" for future nuclear sales is now circulating with the governments of these countries prior to formal adoption — perhaps before the end of the year—after which it will be presented to the governing Board of the International Atomic Energy Agency (IAEA), at its next meeting in Vienna in January.

No further meetings of the "London Group" of seven are planned for the present, although some members hope that the code will gradually be tightened by bilateral agreement.

Once agreed, the seven may also try to persuade other nations—such as Sweden, Holland and South Africa—which have the potential to become significant exporters of nuclear technology in the next few years, to adhere to the same code of conduct.

The details of the London agreement—reached after four secret meetings in London, starting last April—remains a closely-guarded secret until confirmed by the seven Governments, while the whole negotiating procedure that lead to it has been characterised by an unusual discretion. This has been accepted largely to spare the susceptibilities of the French and the Russians to publicity, and to prevent the Third World from feeling that the nuclear powers were discriminating against them.

However, several of its more important features can be revealed. First, the signatories will require all countries purchasing their "sensitive technologies" to solemnly pledge not to use it for military purposes. Secondly, the agreement provides for more stringent safeguards to be administed through the IAEA—with particular emphasis on plants for reprocessing spent nuclear fuels.

Finally, the signatories have to find some way of extending these safeguards to countries which do not accept the jurisdiction of the IAEA. The U.K. has suggested that the London Group of seven should insist that any country purchasing their nuclear process technology accept IAEA membership, so the problem of accommodating non-members will be one of the major subjects for discussion at the January meeting.

While the new agreement is said to be fully acceptable to the U.S. Administration, it is also true that it does not go as far as Dr. Henry Kissinger would have liked.

Chile junta changes forecast

By Hugh O'Shaughnessy

WORSENING relations between the U.S. administration and the Chilean Government may lead to a shake-up within the junta in Santiago, according to persistent reports from the Chilean capital.

According to diplomatic sources in Santigao the U.S. will repeat its vote against the junta when the question of human rights in Chile is put to the vote in the U.N. General Assembly in the next few days. The U.S. decision to vote with the majority in the UN Third Committee earlier this month, when the Chilean junta was condemned by 90 votes to 11 with 1 abstensions, was a cause of concern to the junta, as was an announcement by a senior State Department official last week that U.S.-Chilean relations were "strained."

Last Thursday a Chilean Government spokesman minimised the importance of the State Department announcement and declared that bilateral relations were, on the contrary, normal.

The State Department appears to be doing its best now to distance itself from the junta and this process may become all the more marked after the revelations of activities by CIA and the Nixon Administration aimed at stopping the late President Allende's access to power in 1970 and its implication in the assassination of the constitutionalist army commander General Rene Schneider in October 1970.

A change in U.S. attitudes to the junta would shake the confidence of U.S. financial and industrial circles in the Chilean Government and could have an adverse effect on U.S. and other foreign investment plans.

It is being rumoured that the situation might be alleviated if General Pinochet were to retire from the scene and leave the way open for another Head of State who would be less unacceptable to international public opinion.

Ford eliminates wide range of import duties

WASHINGTON, Nov. 24.

PRESIDENT GERALD FORD signed an executive order eliminating U.S. import duties on a wide range of products from the developing countries, effective from January 1.

U.S. officials said that the new tariff preferences cover imports from 98 countries and 38 dependent territories of other nations. The 2,724 eligible items will be allowed duty-free entry by the U.S. for a period of ten years, subject to certain conditions. Such imports last year totalled about $2.6bn. from the developing countries, U.S. officials said.

The 2,724 items include both manufactured products and some agricultural imports. The U.S. is excluding from the special tariff concessions certain imports, including textiles, shoes and some electronic products. After reviewing import problems that may be created, the White House decided to add automobiles and other items to the excluded list.

U.S. international trade negotiator Frederick Dent said that the U.S. tariff concessions to the developing countries "are expected to offer broader export opportunities" to these countries, allowing them to diversify their industrial production. He said that the developing countries will have a competitive margin over industrial nations in competing for about $25bn. of goods that the U.S. buys each year from other nations.

The eligible developing countries include most countries in Latin America, Africa and Asia. Japan and other industrial nations will not be eligible for the special U.S. tariff concessions. The eligible list also includes Yugoslavia, Turkey, Israel and other countries, but Spain, Portugal and Greece were among those excluded.

No members of the Organisation of Petroleum Exporting Countries (OPEC) will be eligible for the U.S. tariff preferences. The U.S. Congress specifically barred the duty-free treatment for imports from these countries, although U.S. officials had attempted at one point to persuade Congress to qualify Venezuela, Equador, Indonesia and Nigeria as eligible.

AP-DJ

Morse gets UN post

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Nov. 24.

DR. KURT WALDHEIM, the UN Secretary-General, to-day nominated Mr. Frank Bradford Morse, a former liberal Republican Congressman, to be administrator of the UN Development Programme, succeeding Mr. Rudolph Peterson.

Mr. Peterson, Former chief executive of the Bank of America, is due to retire on January 1, but Dr. Waldheim proposed that his term be extended until January 15 and that Mr. Morse, now UN Under-Secretary-General for political and general assembly affairs, take over on January 16.

The UN Development programme, formerly headed by Mr. Paul Hoffman, of Marshall Plan fame, is the world's biggest agency dealing exclusively in multilateral aid. Mr. Morse's appointment is subject to UN General Assembly approval, and this is considered certain.

Surinam gains independence

PARAMARIBO, Nov. 24.

SURINAM, at midnight to-day, becomes the world's newest independent republic, ending 325 years as a Dutch colony.

Many of its citizens have fled to Europe, fearing independence will bring disastrous clashes between Surinam's chief competing groups, mainly Creole descendants of African slaves and those of Indian indentured labourers. But generally the population is in a frenzy of celebrations, responding to the easing of tension after political leaders last week sank differences sufficiently to frame a national constitution and agree on a timetable for elections by mid-1976.

Nine hours after independence is proclaimed, Princess Beatrix of Holland will formally present constitutional instruments marking separation from the monarchy at a ceremony in an old Dutch Reformed church.

Reuter

Michael Van Os writes from Amsterdam: Surinam's independence will be greeted with considerable relief by the Dutch Government which solidly backed the independence moves of Premier Henck Arron in spite of fierce disapproval from the Surinam Opposition.

Unlike Mr. Arron's predominantly Creole party, the main VHP opposition party of mainly Hindustanis led by Mr. Jaggernath Lachmon, which represents about 30 per cent. of the population, has always opposed early independence. Mr. Lachmon considers that Surinam is not quite ready for independence and has tried to secure more rights for his part of the electorate.

FT survey Pages 19-26

U.S. $ IN CUBA

THE official exchange value of the U.S. dollar in Cuba is 91 cents of a Cuban peso and not as published in an article on sugar sales (October 28) and on nickel (November 12).

NEW INDUSTRY FOR THE CARIBBEAN

A boost for the backward

BY DAVID RENWICK, PORT OF SPAIN CORRESPONDENT

THE MAKINGS of a light industrial sector are about to emerge in the seven smaller CARICOM states, known as the Less-Developed Countries (LDCs), through a planned programme of factory selection and placement.

A consistent complaint of this group which comprises Grenada, St. Lucia, St. Vincent, Dominica, Antigua, St. Kitts-Nevis and Montserrat, is that its members have benefited little, if at all, from CARICOM, the Caribbean Common Market, and its predecessor, the Caribbean Free Trade Area, because they had few non-agricultural goods to sell. To rectify this situation, the secretariat of the Eastern Caribbean Common Market (ECCM), to which all the LDCs belong, has drawn up a list of 35 different industries, five of which are to be established in each territory.

Discussions between ECCM Ministers responsible for industry have led to firm decisions on where 28 of the 35 factories will be located. The breakdown is as follows- Grenada—sugar-based confectionery (already in production), spice processing, perfumes and toiletries, banana flour; St. Lucia—clay block and roof tiles, bottles, margarine and shortening; St. Vincent—coir products, fruit-based confectionery, greeting cards, automobile exhausts; Dominica—stationery and exercise books (already in production), paper bags, wood crates, coir products (selection of items to be co-ordinated with St. Vincent); Antigua—paint, dry cell batteries, biscuits, assembly of beach buggy cars; St. Kitts-Nevis—footwear, wall and roof tiles (co-ordinated with St. Lucia), nails and allied products, plasties; Montserrat—matches, paper tableware, biscuits (co-ordinated with Antigua), leather items, plastics (co-ordinated with St. Kitts-Nevis).

It is an essential element in the industrialisation drive that no LDC will set up factories in competition with those of its neighbours for five years. In effect, manufacturers are to be given priority in the entire ECCM market of about 600,000 people for at least five years, in order to establish themselves on a sound footing. If it is found that imports from one of the already-industrialised, More Developed Countries, the MDCs (Trinidad and Tobago, Jamaica, Guyana and Barbados) are likely to affect the growth of nascent manufacturing capacity in the ECCM territories, the CARICOM Treaty allows the LDCs to suspend tariff preference for those imports and even to shut them out entirely.

> The secretariat of the Eastern Caribbean Common Market has drawn up a list of 35 different industries, five of which are to be established in each territory.

Under CARICOM's harmonisation of fiscal incentives scheme, manufacturers in the LDC group are allowed income tax and customs duty relief for a minimum of 10 years and a maximum of 15, by contrast with the minimum of five and the maximum of 10 extended by the MDCs.

The LDC industrialisation project, which is being supervised by Mr. George Williams, executive secretary of the ECCM, will clearly require significant sums of money. The sums thought to be needed for the 35 industries envisaged has been put at EC$25m. (about £5m.) and operating capital is expected to add another EC$5m. Sums of this size are out of the reach of all the LDC economies taken together. Mr. Williams has stressed the ECCM's interest in attracting foreign capital into the manufacturing programme, because of the "vital role" it can play. Interested investors, foreign or local, will have the assistance of experts from the UN Industrial Development Organisation (UNIDO), six of whom have been seconded to the ECCM secretariat to work on various aspects of the programme.

One regional source of money to which investors will have access is the Caribbean Investment Corporation (CIC), set up a year ago specially to provide the equity funding needed for manufacturing in the smaller islands. The much-bigger Caribbean Development Bank (CDB) is forbidden to hold shares in companies and generally lends to Governments and other CARICOM agencies for infrastructure, housing and agriculture.

CIC funds, however, have been slow in coming. Only EC$1.2m. in equity financing has been approved by CIC for 14 projects in the LDC group so far, 50 per cent. of that having actually been disbursed. According to CIC's energetic young general manager, Mr. Mario Bullen, the Corporation expects to approve about EC$2m. by the end of the year for 20 projects, with EC$1m. being disbursed. The CIC was supposed to have been funded jointly by the CARICOM governments and the Caribbean Association of Industry and Commerce (CAIC), which represents the regional private sectors, in the ratio of 60:40, but the private sector has been slow to respond. Businessmen in Jamaica have now pledged to contribute EC$800,000 to the Corporation by 1978, while those in Trinidad and Tobago have agreed to provide EC$885,000. Total paid-up capital of the CIC is now EC$2.1m., most of which has come from the governments of the four MDCs. Mr. Bullen hopes to have increased the amount to EC$2.5m. by the end of this year.

Moynihan stays at UN after White House backing

MR. DANIEL PATRICK MOYNIHAN agreed to stay on as U.S. Ambassador to the United Nations to-day, after the White House declared that both President Ford and Secretary of State Henry Kissinger had "full confidence" in him.

Mr. Moynihan met with President Ford for about 40 minutes this morning in the wake of the diplomatic fracas which blew up last Friday when the Ambassador came close to resigning, complaining that his position was being deliberately undermined by Dr. Kissinger.

Following the meeting, the White House Press Secretary read out a prepared statement saying that Mr. Moynihan enjoyed the strong support of both the President and the Secretary of State, and encouraging him to continue to speak out "candidly and forcefully" on major issues coming before the UN.

To-day's reaffirmations of confidence do not, however, remove the lingering suspicion that Dr. Kissinger has been manoeuvering behind Mr. Moynihan's back and that he may have inspired last week's controversial speech by the British Ambassador to the UN, Mr. Ivor Richard, who accused his American counterpart of behaving like "Wyatt Earp."

This view was advanced this morning by Mr. William Safire, a former Nixon speechwriter who retains close links with the present White House staff. In his column in the New York Times, Mr. Safire suggested strong that Dr. Kissinger planted the idea of Mr. Richard's speech with the British Foreign Secretary, Mr. James Callaghan, over breakfast at the recent economic summit in Rambouillet.

"No wonder Ivor took advantage of the kick-me sign that Henry pinned on Pat," wrote Mr. Safire. He went on to suggest that Mr. Richard saw the speech as "a chance for an ambitious politician to become a Third World hero while secretly pleasing his boss's friend (Mr Kissinger)."

But whatever the exact chain of events leading up to the recent dispute, it has drawn increased attention to an underlying contradiction in an important area of U.S. foreign policy, which has by no means been healed by Mr. Moynihan's decision to stay on.

The controversy shows up starkly the difficulties of striking a balance between the diplomatic imperative of taking a conciliatory attitude towards the countries of the Third World, and the need clearly felt by Dr. Kissinger to placate a domestic audience that is strongly hostile to the U.N.

Mr. Moynihan's recent attacks on General Idi Amin of Uganda and his criticism of the recent UN vote condemning Zionism as a form of racism may have been popular at home. But they were apparently too much for Mr. Kissinger, who only a few weeks before presented the UN special session with sweeping U.S. proposals for a new international economic framework designed to win the allegiance of the Third World.

THE LIST OF APPLICATIONS WILL BE OPENED AND CLOSED ON THURSDAY, 27th NOVEMBER 1975.

10½ per cent TREASURY STOCK, 1979

ISSUE OF £600,000,000 AT £95.50 PER CENT

Payable in Full on Application

Interest payable half-yearly on 1st May and 1st November

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive applications for the above Stock.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

The Stock will be repaid at par on 1st November 1979.

The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

Interest will be payable half-yearly on 1st May and 1st November. The first payment will be due on 1st May 1976 at the rate of £4.49 per £100 of the Stock. Interest warrants will be transmitted by post: income tax will be deducted from payments of more than £5 per annum.

Stock of this issue and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

Further, the interest payable on Stock of this issue will be exempt from United Kingdom income tax, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

Applications for exemption from United Kingdom income tax should be made in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.

These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law: under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident, or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

Applications, which must be accompanied by payment in full for the amount applied for, will be received at the Bank of England, New Issues, Watling Street, London, EC4M 9AA; a separate cheque must accompany each application. Applications must be for £100 of Stock or a multiple thereof: no allotment will be made for a less amount than £100 of Stock. Letters of allotment in respect of Stock allotted will be despatched by post at the risk of the applicant. In the case of partial allotment, the surplus after providing for payment for the amount allotted will be refunded by cheque.

Letters of allotment may be split into denominations of multiples of £100. They may be lodged for registration forthwith and in any case must be lodged for registration not later than 18th February 1976.

A commission at the rate of 3.125p per £100 of the Stock will be paid to bankers or stockbrokers on allotments made in respect of applications bearing their stamp.

Stock issued in accordance with the terms of this prospectus will be designated 10½ per cent Treasury Stock, 1979 "A" until the close of business on 29th March 1976. At that time separate balances for the payment of the interest due on 1st May 1976 will be taken on the "A" Stock and on the existing 10½ per cent Treasury Stock, 1979; accordingly, interest mandates or authorities for income tax exemption relating to holdings of the latter Stock will not be applied to the payment of interest due on 1st May 1976 on holdings of the "A" Stock. With effect from the opening of business on 30th March 1976, the "A" Stock will be amalgamated with the 10½ per cent Treasury Stock, 1979 already in being. The last date for the lodgment at the Bank of England of transfers of "A" Stock will be 25th March 1976.

Application forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA, or at any of the branches of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; from Messrs. Mullens & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
21st November 1975.

THIS FORM MAY BE USED

For use by Banker or Stockbroker claiming commission —	
(Stamp)	VAT Regn. No. (if not registered put "NONE")

THE LIST OF APPLICATIONS WILL BE OPENED AT 10 am ON THURSDAY, 27th NOVEMBER 1975 AND WILL BE CLOSED ON THE SAME DAY

10½ per cent Treasury Stock, 1979

ISSUE OF £600,000,000 AT £95.50 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We request you to allot to me/us in accordance with the terms of the prospectus dated 21st November 1975 a £ ....

say .... pounds of the above-named Stock. I/We request that any letter of allotment in respect of the Stock allotted to me/us be sent to me/us by post at my/our risk.

The sum of £ .... being the amount required for payment in full (namely £95.50 for every £100 of the Stock applied for), is enclosed.

c I/We declare that the applicant(s) is/are not resident outside the Scheduled Territories d and that the security is not being acquired by the applicant(s) as the nominee(s) of any person(s) resident outside those Territories.

.... November 1975. SIGNATURE ....

PLEASE USE BLOCK LETTERS

SURNAME AND DESIGNATION MR/MRS/MISS OR TITLE ....

FIRST NAME(S) IN FULL ....

ADDRESS IN FULL ....

a Applications must be for £100 of the Stock or a multiple thereof, and should be lodged at the Bank of England, New Issues, Watling Street, London, EC4M 9AA.

b A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "Treasury Stock".

c If this declaration cannot be made it should be deleted and reference should be made to an Authorised Depositary or, in the Republic of Ireland, an Approved Agent, through whom lodgment should be effected. Authorised Depositaries are listed in the Bank of England's Notice EC 1 and include most banks and stockbrokers and practising solicitors in the United Kingdom, the Channel Islands or the Isle of Man; Approved Agents in the Republic of Ireland are defined in the Bank of England's Notice EC 10.

d The Scheduled Territories at present comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

EUROPEAN NEWS

Highway blocked as Lisbon crisis deepens

BY PAUL ELLMAN

LISBON, Nov. 24.

THOUSANDS of farmers were blocking the main highway between Lisbon and the north tonight in a protest against Communist moves to overthrow the Sixth Provisional Government.

A road block was thrown across the highway about 50 miles north of the capital as the country's military leadership met in a desperate attempt to overcome differences among its pro-Communist members and their opponents, which have degenerated into a public slanging match during the past four days.

The ostensible reason for tonight's meeting of the Revolutionary Council of the Armed Forces Movement, the country's top decision-making body, was the dispute over the nomination of Captain Vasco Lourenco to the post of Military Governor of the key Lisbon region, a position held by General Otelo Saraiva de Carvalho, head of the internal security command, Copcon.

Gen. Saraiva de Carvalho has recently identified himself with an assault launched by the Communists and their allies against the Prime Minister, Admiral Jose Pinheiro de Azevedo and his colleagues and the move to replace him as Military Governor of the Lisbon region was seen here as an attempt to appease "moderates" in the military leadership who have criticised his apparent failure to restore discipline among the units under his command.

Gen. Saraiva de Carvalho, whose political future was the cause of considerable speculation in an increasingly tense capital to-night, refused two weeks ago to allow his men to be used to rescue the Prime Minister and members of the Constituent Assembly, who were being held hostage by Communist-led building workers.

Since then, supporters of the Government have conducted an increasingly strident campaign for his removal, culminating in the refusal of Admiral Pinheiro de Azevedo and his Ministers to end the strike they started last week (in protest at the lack of support from President Francisco da Costa Gomes and the military leadership) unless the nomination of Capt. Lourenco was confirmed.

President Costa Gomes called to-night's emergency session of the Revolutionary Council in an attempt to push through yet another compromise between the Communists and their opponents and to try once again to provide a political breathing space during which consultations aimed at forming a new Government could be carried out.

The meeting took place against the background of another demonstration by the Communists and their trade union allies of their industrial strength in the Lisbon region, with a two-hour general strike called to coincide with the start of the discussions.

However, the Communist move was answered by Government supporters in the north and centre of the country who threw up barricades in a number of towns and threatened to cut off Lisbon's electricity and water supplies unless the latest Communist campaign was rejected by the Revolutionary Council.

Spanish Press publishes call for democracy

BY ROGER MATTHEWS

MADRID, Nov. 24.

DON JUAN of Bourbon, father of Spain's new king and a key figure in the immediate political future of the country, to-day issued a statement in Madrid calling for the introduction of a true democracy. The statement was carried on the semi-official news agency Cifra, something that could not have happened at any time in the past 36 years, and is the clearest sign yet that the country is moving towards a more liberal era.

An hour later political violence returned to the northern Basque provinces when a local mayor was shot and killed. An armed man broke into his living room where he was watching television and shot him through the head.

A few weeks ago the Basque Separatist organisation ETA warned people holding official Government positions in the provinces that they should leave or face the consequences. The dead man had also recently been involved in a labour dispute in which two men were sacked for protesting at the execution of ETA activists.

Attention in the capital was, however, fixed on the statement issued by Don Juan's Press Secretary. The king's father, a lifelong opponent of Gen. Franco who has never renounced his claim to the throne, says his son should act as an independent arbiter.

King Juan Carlos should facilitate a profound social justice that would eliminate corruption, oversee the introduction of a true pluralistic democracy, ensure that Spain became fully integrated in the European Community and permit all Spaniards to be fully represented in the political institutions that had hitherto rested solely on the dictate of Gen. Franco. These objectives had to be the primary consideration of his son as King of Spain.

Earlier in the message there was reference to the "absolute" personal power" exercised by Franco, another phrase that would not have been permitted 24 hours ago. A few months ago, the monarchist daily newspaper ABC was threatened with closure if it published a much milder interview with Don Juan, who was subsequently banned from Spain for declarations that he made in Portugal.

That statement added that several times before Don Juan had attempted to make his views clear to the Spanish people, but each time they were either censored or appeared in the Press badly mutilated.

The effect of Don Juan's statement is likely to be considerable. It breaks a 36-year total ban on criticism of Franco and opens the door for other people to speak equally clearly.

It also stresses the speed with which the new king will have to act if he is to grasp the political initiative and not always be reacting to events. Sources close to the king say that he may decide on his first Prime Minister at the end of this week and that all major decisions will have to await the formation of a new Government.

The choice of Prime Minister seems at the moment to rest between the present incumbent, Sr. Carlos Arias and Jose-Maria Areilza, the Count of Motrico and former Ambassador to Paris and Washington. Sr. Areilza is almost certain to be in the Cabinet, if not as Prime Minister then as Foreign Secretary.

Speculation is also mounting that Gen. Gutierrez Mellado, one of the few men in the army who combines a relatively liberal intellect with grass roots military support, will be brought in either as Deputy Premier or as Minister of the Interior.

The king apparently believes that if he is to give an amnesty to political prisoners — except those convicted for crimes of violence—he will have to demonstrate to the fiercely Right-wing political police that the army is totally backing his policy.

Cyprus still in the melting pot

By Metin Munir

ANKARA, Nov. 24.

THE remoteness of a Cyprus settlement became apparent once more after consultations between Turkish Prime Minister Suleiman Demirel and Turkish-Cypriot leader Rauf Denktash here to-day in which the subject of declaring Turkish-held northern Cyprus an independent State was taken up.

The proposal to make a unilateral declaration of independence in northern Cyprus, which has been under Turkish control since the 1974 war, was put forward by Mr. Denktash. The Turkish-Cypriot does not seem to have won immediate approval for his project, but Mr. Demirel indicated that he might give a go-ahead at a later date.

"I told the Prime Minister that Archbishop Makarios has no intention of reaching an agreement with the Turkish-Cypriot community to establish a two-zone federal independent State," Mr. Denktash said.

German 'wise men' see 4.5% GNP rise

BY NICHOLAS COLCHESTER

BONN, Nov. 24.

THE FLOW of prognoses over the future development of the West German economy continued to-day with a 500-page report from the "five wise men"—a panel of five established German economists who carry out this exercise every year. They see 4.5 per cent. of real growth in GNP in 1976, a rise in consumer prices of 4.5 per cent. and average unemployment of 1m., or only slightly below the 1.1m. that is expected this year.

In what Herr Otmar Emminger, vice-president of the Bundesbank has called "a record year for wrong economic forecasts," the five wise men, who themselves were well off course last year, spend some time underlining the uncertainties in their latest forecast.

In fact, the main message lies not so much in the figures, which do not contain surprises, as in the humble economic philosophy which surrounds them.

They link full employment to wage restraint—that is, that someone should only earn what he produces—but in the longer term they see a need to spread more of the risk and more of the variable profit to more of the people.

They say that State spending is probably near the border of what is bearable. They say that centralised "investment steering" would hit the market economy in its "vital nerve."

They suggest that the Bundesbank should once again declare a goal for the expansion of its money stock of 8 per cent. in 1976.

The five economists argue that the Government can do very little to produce the capital investment that is so urgently needed to restore employment. The Government must, they say, pursue an economic policy steered by medium-term considerations. This must be made up of steady monetary policy, restrained wage policies, expansive fiscal policies put together with a programme to "consolidate the budget."

These conservative thoughts are well calculated to back up the position of the Economics Ministry in the important round of "concerted action" discussions that take place here to-morrow. The Bundesbank, Government, managements and unions will come together and attempt to agree on Germany's economic problems and on the course that must be steered to get out of them.

Economics Minister Friderichs has been branded recently as being too "management friendly" and it will be interesting to see whether he and the unions can preserve their equanimity.

If not, Herr Friderichs will be able to point to the thick tome from the five wise men in his own defence.

The Economics Ministry reckons that it will take real capital investment growth of ... per cent. per year till 1980 to get Germany back to an acceptable level of employment.

Sharp rise in strikes

GENEVA, Nov. 24.

THE NUMBER of working days lost in strikes in the non-Communist world jumped by more than 35 per cent. last year, the International Labour Organisation (ILO) reported to-day.

In a review of labour disputes in 60 countries the UN specialised agency disclosed that Italy held the record for the greatest number of strikers, but that the longest stoppages were in Turkey.

The 126-state Agency said that the total number of working days lost because of labour conflict rose to 154m. last year, almost 42m. more than in 1973 when a slight decrease was recorded. The number of workers involved in strikes or lockouts also increased, passing from 22m. in 1973 to 25m. in 1974.

Reuter

Bitter row over welfare costs

BY RUPERT CORNWELL

PARIS, Nov. 23.

THE SHAKY finances of the Social Security system, which provides France's main public welfare service, has suddenly become the centre of a bitter political row with potentially serious consequences on the labour front.

The problem is how to cover a deficit which is likely to rise to Frs.9bn. (£1bn.) next year, from Frs.4bn. in 1974. Social Security, covering the French equivalent of National Health and family and pension allowances as well, is financed mainly by companies and their employees.

Speaking in the Senate Budget debate, Finance Minister M. Jean-Pierre Fourcade rejected the solution of increasing company contributions. Instead he enraged France's unions by proposing that workers contribute slightly more from their wages and that benefits available be a little reduced.

Employee organisations reacted vigorously to the prospect of more cuts in take-home pay when inflation is still over 10 per cent. a year.

In making his proposal, M. Fourcade was, above all, conscious of pressures already on corporate finances, which have been hit by the business slowdown.

The Communist-led CGT union, however, warned of strong and united action by wage-earners to protect themselves.

The trouble with M. Fourcade's reasoning is that Social Security dues do not increase beyond a certain level of income, with the result that the lowest-paid are hurt disproportionately.

The fairest answer, many observers feel, would be for the government to raise the revenue required by taxation. But this would raise another even more explosive topic, the introduction of a fairer French income tax system.

French canal plan

PARIS, Nov. 24.

THE French Government moved to-day to start work on completion of a canal from the North Sea to the Mediterranean.

President Valery Giscard d'Estaing, ordering a go-ahead on technical studies and land acquisition, said the plan "puts the whole of industrial Europe in direct communication with the Mediterranean at a time when the countries of the Mediterranean and the Gulf are developing and industrialising."

The project parallels a projected 3,500 km. network of inland waterways running from Rotterdam through the Rhine, Main and Danube in central Europe to Constanza, Romania on the Black Sea.

AP-DJ

INTERIM STATEMENT

THE DOMINION AND GENERAL TRUST LIMITED

Six Months to 31st October 1975

The Directors have declared an Interim Dividend in respect of the year to 30th April, 1976 of 1.500p net (1975 same) per Ordinary 25p Share which with the imputation tax credit is equivalent to 2.30769p gross (1975—2.2388p gross).

The unaudited figures for the six months to 31st October 1975 are shown below together with the comparable figures for the six months to 31st October 1974.

		31st October 1975	31st October 1974
1.	Gross Income	£266,250	£264,912
2.	Net Revenue after all charges including taxation	£130,087	£130,881
3.	Taxation charged in arriving at Net Revenue:		
	(a) Overseas Taxation	£5,683	£7,922
	(b) Corporation Tax	£36,468	£38,269
	(c) Imputed Tax on Franked Investment Income	£49,056	£43,433
4.	Cost of Dividends (Net)		
	(a) Preference	£6,125	£6,125
	(b) Ordinary	£63,000	£63,000
5.	Earnings per Ordinary 25p Share	2.95p	2.97p
6.	Rate of Dividend on Ordinary Shares:		
	Interim (payable 1st December)	1.5000p	1.5000p
	Imputed Tax	0.80769p	0.7388p
		2.30769p (gross)	2.2388p (gross)
7.	Net Asset Value per Ordinary 25p Share	190.0p	125.3p
	Including whole of Dollar Premium of	34.4p (63½%)	23.2p (50½%)

NOTES

1. The Net Asset Value has been calculated after allowing for the Interim Dividend and deducting prior charges at par.
2. No provision has been made for tax on Capital Gains in calculating these figures.
3. On 6th October 1975 the Back-to-Back Loan $750,000/£312,500 was repaid.

EAST OF SCOTLAND INVESTMENT MANAGERS LIMITED,
3, Albyn Place, Edinburgh EH2 4NQ.

EUROPEAN NEWS

Arabs ask EEC for trade pact

BY REGINALD DALE

ABU DHABI, Nov. 24.

E TWENTY Arab nations lay renewed demands for eping one-way trade conces- ns from the EEC as a quid pro for the channelling of Arab dollars to Europe. The Arab e pushed ahead with the pro- al at to-day's session here of Euro-Arab "dialogue," pite repeated indications from Community over the past few nths that the idea is totally acceptable.

n the talks that opened here the week-end, the Arabs have n pointing to the recently ned Lomé Convention, linking Community with 46 African, ibbean and Pacific countries, an illustration of what they e in mind. They are, how- r, stopping short of asking for ncial aid or the joint institu- ns enshrined in the Lomé eement. The Arab proposal is for the signing of a major trade convention between Community and the entire ab world under which the EEC uld:

-totally abolish duties, and er barriers to trade on all ab exports, both industrial and icultural, without any recipro- concessions by the Arab ntries.

-introduce a system that ald stabilise the earnings of Arab exports—although it is yet clear whether oil would included.

-act to promote and diversify ab exports through technical istance, training programmes l trade fairs.

he Arabs reject the EEC's gestion that transfers of ropean know-how and techno- y agreed in the "dialogue" ald represent a fair exchange Arab investment. As this hnology must come largely n private industry, the Arabs nt out that they will have to for it in any case.

rab delegates here say that bargain must involve the ning up of European markets their own markets do not vide a broad enough base for future industrial expansion. The Arabs want to use their oil revenues to build up modern industries, diversify their ex- ports and increasingly transform energy and raw materials in the country of origin. The Euro- peans are prepared to agree to trade promotion schemes but on the two main points they argue that the Arabs can get what they want through the Com- munity's generalised preference scheme. In addition, the Euro- peans point out that three Arab countries (Somalia, Sudan and Mauritania) are in any case already members of the Lomé Convention.

Preferential agreements are currently being negotiated with Algeria, Morocco and Tunisia, under the EEC's "overall" Medi- terranean policy, and negotia- tions are soon to start with Egypt, Syria, Lebanon and Jordan. The oil producing coun- tries, it is claimed are in no need of special assistance, leaving only the two Yemens with a pos- sible case for particular treat- ment.

Behind these specific points, lies the wider fear of a serious competitive threat to Community industry in the future if the Arabs were given free access. Secondly, the Community has agreed with the U.S. not to extend its preferential area beyond the Mediterranean, and any further expansion would also make it difficult to resist a snow- ball effect in which countries like Iran and Pakistan would probably start lining up for similar treat- ment.

The issue is clearly one of the crucial points of the whole "dialogue," which is now getting down to brass tacks after first being set in motion two years ago. The European side is con- fident that the Arabs do not really expect to get all they are asking for, but it remains to be seen how far the Arabs will try to press their demands before the current session ends later in the week.

Zero-rating row splits EEC Ministers

BY DAVID CURRY

BRUSSELS, Nov. 24.

MMUNITY Ministers to-day horised EEC governments to tinue to zero-rate certain key ducts for VAT. However, y split down the middle on ether they should be allowed ntroduce zero-ratings on new egories of goods.

he decision came in the rse of a Council meeting oted to clearing some of the tacles in the way of a common icture for VAT. This is ortant because, from 1978, the nmunity is supposed to nce its policies from its own ources as distinct from State ventions and an important nent in these resources will he Commission's right to levy ate of up to 1 per cent. VAT member States.

ut this is clearly impractical ess member States agree to rge VAT on the same items to work out a way of making npensatory payments for ns which are zero-rated in e countries but will have to r the Community tax in ers.

he other "legs" of the own ources system are the pro- ds of import duties and icultural import levies.

he agreement to continue to mit "temporary" zero-rating nportant to British zero-rating food and children's clothes.

Edmund Dell, Paymaster- neral, made it clear that it ald be politically impossible tax food even though the ginal Community directive on T of 1970 clearly frowns on -rating.

Ministers agreed that there uld be periodic reviews of -rating but these are unlikely occur more than every three four years.

rance, Germany, Holland and gium were very strongly inst permitting extensions of -rating to new products, uing that the Directive of 1970 specifically ruled this out. The French also pointed out that to permit new derogations would inevitably lead to a patchwork of differing systems across the EEC as governments came under intense lobby pressure to relieve certain sectors of the tax.

Ministers made little headway on hamonising the VAT exemp- tion limits on small businesses which range from £5,000 turn- over in the U.K. and £12,000 in Ireland to a mere £350 in Denmark.

This question was bundled back to the experts for detailed consideration, with the Commis- sion suggesting that exemptions below 4,000 units of account should gradually move up to that level, while exemptions above it should remain unaltered and compensation be paid for the tax loss this higher limit would represent.

Swiss still interested in 'snake'

By John Wicks

ZURICH, Nov. 24.

SWITZERLAND remains in- terested in the possibility of joining the European currency snake, according to spokesmen of the Swiss Finance Ministry and National Bank. In view of French opposition to the inclu- sion of the Swiss Franc, however, it had been decided independ- ently both in Berne and Brussels that there would have been little point in Switzerland's being invited to the December 15 meet- ing of ministers of "snake" countries in Brussels, at which Swiss application for member- ship is to be discussed.

WEST GERMAN ARMS EXPORTS

The not-so-total abstainer

BY NICHOLAS COLCHESTER, BONN CORRESPONDENT

THE SECURITY Committee of the West German cabinet is expected shortly to lengthen the list of countries eligible to re- ceive exports of German arms. The relaxing of this self-imposed restraint will doubtless be greeted with pleasure by Ger- many's small armaments industry, but will not have been the main justification for the decision. In Government circles it is said that the move will rather have been the consequence of Ger- man co-operation in the develop- ment of weapons with countries, such as Britain and France, whose scruples about the export of weapons are less exacting than its own.

Since 1971, when the Social Democrat-Free Democrat coali- tion tightened up the rules, West Germany has in principle only allowed itself to export arms to Nato countries. The usual excep- tions to this principle have been Australia, Japan, New Zealand, Switzerland, and Sweden, be- cause it was generally agreed that they were not "areas of tension." Other exceptions have been few and far between. Because of this restraint, and because of Germany's very gradual return to arms manufacture after the war, the German armament industry now accounts for only 3 per cent. of GNP and only 0.3 per cent. of German exports—worth under $100m. in 1974. French arms exports in that year were 30 times as great and accounted for 8 per cent. of exports, while Britain's totalled $1.5bn.

This year has been one of an export slump in West Germany, as everywhere else, and has therefore added to the tempta- tion to get into the business of "sensitive exports." All through the year a constant undercurrent of industrial lobbying has been chipping away at the Bonn Government's high principles. Much of the armament industry consists of companies whose main activity is the manufacture of peaceful products. While this activity has been wallowing in recession and allowing unem- ployment to grow, the interna- tional arms business has remained lively and has offered an attractive though insufficient alternative.

The "unemployment argu- ment" for a more relaxed atti- tude to arms exports has made only a small impression on West German politicians. One of Ger- many's compensations for losing the war is that its leaders still believe that an arms industry is like a drug to an industrial eco- nomy — that it is easy and per- haps gratifying to expand, but that once expanded it is politic- ally impossible to cut down again. As exports have become the motor behind West Ger- many's growth, Bonn has seen, too, the way in which a non- partisan stance in the world pays big dividends in trade. The Foreign Ministry, which is the star performer in the German balancing act of omnilateral friendship, feels that it is "bet- ter to sell tools to people who make weapons than to sell the weapons themselves."

So when early this year there still was Iranian interest in buy- ing the West German Leopard tank, Iran was more or less given the cold shoulder and a contract for 800 tanks went instead to the British makers of the Chieftain. It was perhaps the year's most graphic example of German self- denial in the arms business. If Iran had bought the Leopard I tank, the order would have pro- vided Krauss-Maffei, one of Ger- many's main weapon suppliers, with a contract worth over DM1bn. (about £150m.) at a moment when it was short of military business, and having trouble with its civilian activi- ties. Better still, Iran might have been inveigled into buying the Leopard II — praised as the tank of tanks at £500,000 apiece — and into helping to defray development costs that the Ger- man Defence Ministry still finds daunting.

A lessening of German scruples about arms sales was inherent in the decision to get involved in multinational projects in the first place.

Yet the Government's real problem was, and is, not this self-denial at a time of high un- employment, but the conse- quences of Germany's involve- ment in multi-national weapon projects. The Alpha Jet is a good example. Dornier of Ger- many is building this ground- support and advanced training aircraft with Dassault of France. Dassault is the main contractor, but both companies will have their own assembly lines, and Dornier is providing all the wings and all the tail sections. Series production is to get under way next year. Both Dornier and Dassault think that the aircraft has great export potential. But any order outside Nato and the Favoured Five will bring dif- fering French and German atti- tudes into conflict. Both Govern- ments have made equal contribu- tions to the cost of developing the Alpha Jet, each has the right to veto any export contract.

The problem has remained theoretical so far, but it will become real as soon as the Alpha Jet becomes marketable. The same pressure is building up on the successful collaboration in the missile business between Messerschmitt-Boelkow-Blohm of West Germany and Aerospatiale of France. Their Milan portable anti-tank missile is already in series production. Production of the Hot anti-tank missile which can be fired from a tank or a helicopter should begin early next year. Production of the remarkable Roland anti-aircraft missile should follow a year or so later. Meanwhile it seems likely that in February 1976 the go- ahead will be given to produce the Anglo-German-Italian strike aircraft, the MRCA. It, too, will then become an exportable com- modity.

Particularly in the case of the more complicated products like Roland, MRCA, and Alpha Jet, there is no way for Germany diplomatically to disassociate itself from the export sales of its partners. In fact, a lessening of German scruples about arms sales was inherent in the deci- sion to get involved in multi- national projects in the first place. There are, of course, com- pensating arguments for such co-operation: they pave the way towards the standardisation of weapons within Nato, and they share out the reduced amount of work among the member countries.

Politically, the Chancellor, Herr Helmut Schmidt, will leave the opposition with little to say when he instigates the move. The CDU-CSU supports a relaxa- tion of the export rules in order to allow "full usage, but not expansion, of current German weapon-making capacity." This is vaguer than it sounds, because the line between weapon-making and the rest of industry is very blurred. The accepted guess for employment in the German wea- pons sector is 200,000 people, but for many of them the making of arms is only one of several alternatives. The Chancellor has a greater potential problem with the parties in his own coalition. The Free Democrats (liberals) passed a resolution at their party congress against a relaxation of the export rules. The party rejected the "employment argu- ment" and specifically mentioned the dangers of getting involved in multi-national weapon pro- jects.

When Herr Schmidt's own party, the Social Democrats, held their party congress and dis- played such remarkable ideologi- cal self-containment that one commentator called the whole affair "a pressure cooker without a valve." One hiss of pent-up steam that did escape, however, was a resolution on weapon ex- ports. The delegates over-rode the party leadership, which advised against a vote on the subject, and voted by a narrow majority against loosening export conditions "even if the current economic difficulties make the idea seductive."

The same congress gave the Chancellor a licence to compro- mise in the pursuit of Social Democrat ideals, and it applauded his self-portrait as a "pragmatist —but not one without theories, and certainly not one without values." It seems that the pragmatism is to be applied soon to the principles governing the export of weapons developed in co-operation with other coun- tries. The values will have to be applied later in dealing with the case-by-case disagreements that will almost certainly arise. The thread will have been picked, and the fabric of Bonn's arms export policy may by then be unravelling faster than is now expected or accepted.

OVERSEAS NEWS

SOUTH AFRICA'S FUEL PLAN

The exporters line up

BY DAVID FISHLOCK, SCIENCE EDITOR

SOUTH AFRICA expects to order its first two nuclear reactors around April 1976, for the Koeberg Power Station about 20 miles north of Cape Town. The "turnkey" contract, worth about £350m., will be the biggest ever awarded by the Electricity Supply Commission (ESCOM) and one of the biggest ever let in the Republic.

ESCOM—a utility with about one-third the capacity of the British Central Electricity Generating Board but a very high rate of growth—is making its choice of contractor in two steps. First it issued an outline inquiry, inviting outline tenders by October 1974. From the submissions three contractors were short-listed: Kraftwerk Union (West Germany), Framatome (France), and a consortium composed of Brown Boveri, U.S. General Electric, and Rotterdam Drydock.

These three vendors have entered bids closely comparable in price and performance, for either the pressurised water reactor or the boiling water reactor. In the opinion of Mr. Jan Smith, general manager of ESCOM, the choice hinges chiefly on which has offered the most attractive financial package.

ESCOM has been preparing for nuclear power since 1966, working closely with the Atomic Energy Board, which began its research in 1959. ESCOM itself does no nuclear research but has a nuclear division headed by Mr. John Colley. This division is firmly of the conclusion that only in those centres of population farthest from the coalfields of the Transvaal can nuclear power compete with the very low coal costs enjoyed in South Africa, which gives the Republic some of the cheapest electricity anywhere in the world.

Reactors

For the Koeberg reactors ESCOM is providing the uranium ore concentrate from indigenous sources, and has arranged its enrichment through the U.S. Energy Research and Development Administration. The reactor vendor is being asked to supply the first charge of fuel assemblies and five re-loads—enough to see the power plants through to 1988-89. Thus ESCOM has laid plans to provide its first few years of nuclear electricity quite independently of South African ambitions to penetrate the nuclear fuel services market more deeply than at present. Its independence is underscored by the fact that it expects its nuclear power programme to grow fairly slowly, reaching only 12,000 MW—barely 20 per cent. of its expected installed capacity—by the year 2000.

Yet the incentive for South Africa to become a supplier of nuclear fuel assemblies, at more than three times the value of the ore concentrate (uranium oxide or "yellowcake") it is supplying to-day, "must come primarily from our own industry," according to Mr. Reg Worrall, general manager of Nufcor, the Nuclear Fuels Corporation. The key is enrichment, and whether the Atomic Energy Board really does have a process that makes reasonable economic sense.

No mine in South Africa to-day can profitably work uranium alone; all eight still producing extract it along with gold. Nufcor, set up by the Chamber of Mines in 1967 when the producers regained sovereignty over the uranium they were mining, provides the channel through which the producers market their uranium. This non-profit-making company also has a technical function, inasmuch as it provides a joint service to the eight mines, processing their ore into a pelletised ore concentrate of standard composition for sale on the world market.

Before ore concentrate can be enriched—a refining process that increases about four-fold, on average, its fissile uranium-235 component—it must first be converted to uranium tetrafluoride, and then to the gaseous uranium hexafluoride ("hex"). At present most of the South African ore concentrate is converted in Europe and forwarded as hex to the enrichment factory. Nufcor, however, has developed the first step in this conversion, while the Atomic Energy Board has been working on the final conversion to hex.

The Board, at its Pelindaba research centre north of Johannesburg, is "close to a commercial module," according to Dr. Jean Pierre Hugo, its deputy president, designed to provide about 200 tonnes of hex a year to feed the pilot enrichment plant and the prototype enrichment module under construction by the Uranium Enrichment Corporation (UCOR) at Valindaba nearby.

Contracts

As a result, the South Africans are confident that even if they do not go ahead with enrichment, they could still add some value—perhaps 5 per cent. or 6 per cent. onto the current price of ore concentrate at $25 per pound—by supplying hex. Nufcor's most recent contracts have included clauses retaining the option of delivering uranium both as hex and as enriched uranium if the technologies should become economically competitive in South Africa by the time it is required to deliver.

Earlier this month the South African Government gave a very qualified approval for the construction by UCOR of a commercial enrichment plant. But neither site nor size is to be settled for another three years "when the additional development work will have progressed sufficiently," said Dr. Piet Koornhof, Minister for Mines. Size would also depend on UCOR's success in winning contracts for the enrichment of uranium, he added.

Most recently, as a result of a major reappraisal of the Board's research programme, Dr. Hugo has begun to examine the economics of fuel fabrication. He acknowledges that a decision for South Africa to go as far as fuel assemblies would be a profound one, for not even ESCOM could be depended upon to buy the fuel unless the nuclear people could demonstrate its performance and back their claims with warranties.

Of much higher priority, however, in his programme at present is an attempt to extract uranium from the "slimes-dams" or mounds of mine tailings that are such a distinctive feature of the Witwatersrand. The mining companies claim that the uranium they contain could add 10-20 per cent. to South Africa's proven reserves.

Beirut factions 'prepare for long confrontation'

BY IHSAN HIJAZI

BEIRUT, Nov. 24.

RIVAL factions in the Lebanese crisis have reintroduced heavy weapons into the fighting and were reported to be working on plans for long-term confrontations. The new brinkmanship has led to urgent moves by Premier Rashid Karami to stop a complete disintegration of the country. To-day he headed a meeting of the all-party national dialogue committee.

Mortars, rockets and heavy machine guns were used in the street battles between leftist and rightist militiamen in the capital and the suburbs during the past 48 hours exacting a heavy toll on human lives.

The number of dead in the two days of conflagration was given as 40, while about 90 received injuries. Six mortar shells fell yesterday in the residence of the French ambassador, where the special French emissary, M. Maurice Couve de Murville, has been staying since his arrival here last Wednesday. He and the ambassador arrived at the residence only minutes after the shells had fallen. A guard on the premises was wounded and had to be hospitalised.

As the combatants lobbed more shells and rockets at each other in the suburbs, where all the roads were declared to be unsafe, the fighting to-day spread to the downtown shopping centre of Bab Idris.

Security and army guards have been strengthened at the international hotels on the sea-front to stop the fighting from recurring there. That district and the nearby Kantary quarter witnessed some of the fiercest clashes four weeks ago.

Military observers have noticed what they described as a "offensive of sorts" by the rightist Phalangist militia at the suburb of Dikwaneh. The militiamen were believed to be trying to secure a corridor to link the area with the Christian-dominated district of Ashrafiyah around the Palestinian refugee camp of Tal Alzaatar which is adjacent to Dikwaneh.

The observers said the move fitted in with reports about plans being worked out by the Falangist party for a long term confrontation. Under the plan, the Phalangists are forming special committees in areas under their control which will be in charge of military matters, they will also secure a constant supply of food to keep up the confrontation for a long time. The reports said the party decided on the move after concluding that there was a conspiracy by leftists and Communists to take over Lebanon.

Southern Angolan advance 'halted'

BELGRADE, Nov. 24.

TROOPS of the Soviet-backed Popular Movement for the Liberation of Angola (MPLA) have halted the advance of units of its two rival liberation movements on the southern front, the Yugoslav news agency Tanjug reported to-day.

But, in its dispatch from the Angolan capital of Luanda, Tanjug said the forces of the National Front for the Liberation of Angola (FNLA) and the National Front for the Total Independence of Angola (Unita) were continuing their advance on the northern front.

The agency said that in the South, the FNLA and Unita troops had been stopped about 13 miles from Quibala, a town 160 miles south of Luanda. It quoted officials of MPLA's military high command as saying that the stabilisation of the southern front was its major task, and that it would mark the beginning of its counter-offensive.

On the northern front, the MPLA's high military command is hoping to halt the rival troops before they threaten the Luanda-Malanje railway line, Tanjug said. It said all bridges on both fronts have been destroyed, and the MPLA's defence lines were well organised.

Tanjug also reported that MPLA troops were approaching the northern port town of Ambri, and that FNLA troops had lifted the blockade around the town of Caxito, about 24 miles north-east of Luanda.

Meanwhile, FNLA and Unita have formed a coalition Government with two co-prime ministers, the Zaire news agency AZAP reported to-day. The cabinet comprised 13 ministers and three secretaries of state, AZAP said.

In a separate statement the FNLA denied claims that the MPLA had recaptured the cities of Ucua, Quixabe, Camabatela, Quifangondo and Novo Redondo, AZAP said.

The Cabinet announcement said FNLA and Unita would each hold eight posts, with FNLA additionally to name the chief of a National Defence Command made up of equal numbers from each group. A National Revolutionary Council would maintain law and order, declare war and sign treaties. The Government would administer the territory and guarantee the security of persons and property, AZAP said. Reuter

Israel rejects Syrian conditions on UNDOF

BY OUR OWN CORRESPONDENT

JERUSALEM, Nov. 24.

GOVERNMENT officials told UN Secretary-General Kurt Waldheim on his arrival here to-day that Israel rejects all political conditions that have been attached by Syria to its renewal of the international policing mandate on the Golan Heights.

The Israelis gave no immediate explanation of what terms Dr. Waldheim had brought with him from Damascus, only a week before the current six-month mandate for the UN Disengagement Observer Force (UNDOF) is due to expire. After two hours of talks with Prime Minister Yitshak Rabin, the secretary-general said only that the problems blocking an extension have yet to be resolved.

One of the "concrete suggestions" that Dr. Waldheim said he was conveying from Syrian President Hafez Assad would appear to be a device to inject some form of Palestinian representation into the next round of Middle East peace talks, whether in an interim or overall framework.

In a statement before the Knesset, Defence Minister Shimon Peres said that if the Syrians refused to comply with the original terms of the 17-month-old truce agreement on the Heights, it will have become "a worthless piece of paper." Israel, he said, had sufficient forces to defend its frontier "with or without UNDOF and with or without an agreement."

Reuter adds: Dr. Waldheim said he would have to return to Damascus after visiting Cairo to-morrow, "to clarify various points.

"There are still differences between Israel and Syria and the problem is not yet solved." He described the talks as "very delicate."

Meanwhile, Mr. Yasser Arafat, chairman of the Palestine Liberation Organisation (PLO), arrived in Moscow for a "friendly visit," the Soviet news agency Tass reported.

OAPEC sets up company

RIYADH, Nov. 24.

THE MINISTERIAL council of the Organisation of Arab Petroleum Exporting Countries (OAPEC) said that it has established the Arab Petroleum Investment Company following approval by member countries at a conference here.

It gave no details but earlier this month OAPEC Assistant Secretary General Mahmoud Amon said it would be capitalised at $1bn. with Saudi Arabia, Kuwait and the United Arab Emirates each contributing 17 per cent., and other OAPEC members the remainder.

The council said it intended to form an Arab company for petroleum services with authorised capital of 100m. Libyan Dinars (paid-up 15m.), with headquarters in Tripoli. It approved the organisation's 1976 budget of 1.03m. Kuwaiti Dinars. Reuter

Agreement on Rhodesian talks soon, says Nkomo

SALISBURY, Nov. 24.

ANY CONSTITUTIONAL negotiations between the White Rhodesian Government and Black Nationalists are likely to be long and difficult, nationalist leader Joshua Nkomo said to-day.

Mr. Nkomo said that the current preliminary talks between his delegation and the Rhodesian Government were coming to an end and he expected an agreement to hold substantive negotiations to be signed soon.

He is expected to see Rhodesian Prime Minister Ian Smith this week for their fourth meeting in a month and it is after this session that the agreement on the negotiations is expected to be announced.

Mr. Nkomo reaffirmed that his goal in any negotiations was "majority rule now" and that he would be satisfied with nothing less. "The Whites in the country must realise that the time has come for them to accept he inevitable and to seize this opportunity we are providing for majority rule to be negotiated peacefully," he said.

On his talks so far with Mr. Smith, who is expected to return to Salisbury from a holiday in South Africa on Wednesday, Mr. Nkomo said: "We have had problems with one one clause really, that is on immunities."

The Rhodesian Government has said that immunity will not be granted to people who face criminal charges.

UPI reports from the Hague: Tanzanian President Julius Nyerere said to-day that he considered South Africa the only racist country, despite the UN General Assembly resolution which termed Zionism a form of racism.

Soviets push Asian pact

BY K. K. SHARMA

NEW DELHI, Nov. 24.

TALKS began in Moscow to-day between India and Russia on Mr. Leonid Brezhnev's proposal for an Asian collective security system based on the recent model set up at the Helsinki Summit. The proposal for an Asian collective security system was made by Mr. Brezhnev several years ago, but was never elaborated by him until the Helsinki agreement. Since then Russian newspapers and periodicals have been writing on the subject regularly, obviously with the suggestion that the scheme be applied to Asia.

APPOINTMENTS

COMPANY NOTICES

THE COPENHAGEN COUNTY AUTHORITY
8% 1971/1986
UA 12,000,000

Notice is hereby given to bondholders of the above Bonds that the amount redeemable on February 10, 1976, i.e., UA 600,000 was bought in the market.

Amount outstanding: UA 9,600,000.—

Luxembourg, November 25, 1975

THE TRUSTEE
FINIMTRUST S.A.

THE ENGLISH ELECTRIC COMPANY LIMITED

4½% DEBENTURE STOCK 1972-77

In accordance with the terms of the Trust Deed, a drawing for redemption purposes, of £333,585 of the above stock will take place on the 10th December 1975 in respect of stockholders on the Register at the close of business on the 2nd December 1975. Notice to stockholders affected will be posted on the 29th December 1975.

By Order of the Board,
A. C. BURROWS, Secretary.

ALUMINIUM PECHINEY

French limited Company, with capital of FF.612,000,000
Registered Office at Lyons 3e, 25 rue Bonnel and Administration Office in Paris 8e, 28 rue Chateaubriand.

Bondholders of the Aluminium Pechiney (formerly Cie Pechiney) loan 9%—1970-85 are hereby informed that the amortization of US$1,250,000 nominal redeemable on 15th December 1975, has been fully carried out by repurchase on the market.

Furthermore, bondholders are reminded that bonds previously drawn by lot for amortizations of the preceding years and bearing the following numbers have not yet been presented for repayment:

15.12.71: all bonds have been redeemed.
15.12.72: all bonds have been redeemed.
15.12.73: 7617 to 7627

The following banks will carry out the redemption of the above bonds and the payment of interest due on 15.12.75:
CREDIT LYONNAIS, Luxembourg — CREDIT LYONNAIS, Paris — CREDIT LYONNAIS, Brussels — BANQUE NATIONALE DE PARIS, Paris — MM. LAZARD FRERES & Cie, Paris — MM. PIERSON, HELDRING & PIERSON, Amsterdam — BANQUE BRUXELLES-LAMBERT S.A., Brussels — DEUTSCHE BANK A.G., Frankfurt — COMMERZBANK A.G., Frankfurt — LAZARD BROTHERS & CO. Ltd., London — MM. N. M. ROTHSCHILD & SONS Ltd., London — CREDITO ITALIANO, Milan — CREDIT COMMERCIAL DE FRANCE, Paris — MORGAN GUARANTY TRUST COMPANY OF NEW YORK, New York.

Amount not yet redeemed at the end of this fifth redemption: US$20,625,000.

The fiscal Agent
CREDIT LYONNAIS-Luxembourg.

CONTRACTS AND TENDERS

ALGERIAN REPUBLIC DEMOCRATIC AND POPULAR

MINISTRY OF INDUSTRY AND ENERGY

SONATRACH

Notice of Invitation for International Tenders

An invitation for International Tenders is called to design, furnish and build an operating plant of liquid ammonia of a capacity of 1,000 metric tonnes/day at Skikda.

1—PROJECT SCOPE AND OBLIGATIONS

—Engineering studies and furnishing of plans of construction.
—The construction of the production units, storage and shipping facilities, necessary buildings.
—Starting up of plant to production acceptance.

2—HOW TO OBTAIN TENDER BOOKS AND DOCUMENTS

Concerned companies, having experience, in the engineering and construction of such process plants, can obtain a copy of the tender book from the authorised SONATRACH representative at

9, Rue Abou-Nouas, HYDRA, Algiers. Tel.: 60 40 00 to 05, or
Zone Industrielle de Skikda Project AMMONIA. Tel.: 95 57 40

as from 10th November, 1975.

3—RETURN OF TENDERS

The tender documents are to be sent before 5th April, 1976, and addressed to the Vice President, ENGINEERING AND DEVELOPMENT, SONATRACH, 9, Rue Abou-Nouas, HYDRA, Algiers, Algeria. The documents to be sent in double envelopes. The inside envelope will be marked "BID SUBMISSION—DO NOT OPEN."

HOME NEWS

Price rise delay raises subsidy hopes of bakers

BY ELINOR GOODMAN

LEADERS of the baking industry were hoping last night that the Government delay in *announcing a bread price increase* meant that the Department of Prices was looking for a last minute way of helping the industry out of its cash-flow problems.

The bakers were told last week that the *Government would* announce an incerase of ½p in the price manufacturers can charge for bread, together with a 1p cut in the subsidy, on Friday. Failing a statement before the week-end, they thought an *announcement would* be made yesterday. But in the event nothing was said, officially.

One interpretation of the delay was that Mrs. Shirley Williams, Secretary for Prices, had taken to heart the industry's arguments about the very low return on bread production and was looking for some way of helping them—either by waiving the normal rules of the Price *Code or by delaying a cut in the* present 2½p a loaf subsidy.

The bakers have long argued that bread should be taken out of the Price Code in the same way *as milk prices are outside* its scope. Under the Code, the prices *of all bread manufacturers* are effectively pegged to that of the most efficient operator.

The profit margins controls, which are based on past profit performance, mean that Associated *British Food,* is not allowed to raise its prices by as *much as its historically less* profitable competitors, even though it has suffered the same cost increases as the rest of the industry. Competitive forces mean, in their turn, *that ABF's* rivals cannot raise their prices *by more than the market leader.*

Thus the profits of all the other bakers are effectively kept down because of ABF's inability to raise its prices.

The industry wants the Government to replace the *present allowable cost regime,* as far as it affects bread, with some kind of "averaging" system whereby price increases would be cleared on the basis *of average cost increases borne* by the industry as a whole.

Mrs. Williams is known to have been concerned about the prospects for employment and *investment* in the baking industry for some time and has *said that she wants to find some* new formula for calculating price rises when the Price Code is re-written next year. The bakers, however, say that irreparable harm may have already been done to the industry if *she waits until 1976 to make the* changes.

Failing immediate exemption from the allowable cost regime, the bakers would like Mrs. Williams to postpone reducing the existing subsidy. They fear *that if the price of a loaf* suddenly goes up by 1½p, sales will suffer, thus adding to their problems.

Although Mrs. Williams is committed to phasing *out food* subsidies in the long term, she *may decide that in the interests of the industry—to say nothing of the pay policy—it may be* better to postpone a reduction of a 1p in the bread subsidy until a later date. Last night the bakers were hoping that if she was determined to cut the subsidy, she would reduce it only by ½p, thus adding 1p to the cost of a *loaf* when the manufacturers' price rise comes into effect on December 1.

Angry scene at A. Herbert meeting

By Peter Cartwright, Midlands Correspondent

ALFRED HERBERT shareholders angrily contested the terms of the Government's 6p-a-share takeover at a meeting lasting more than four hours in Coventry yesterday.

The terms were finally accepted by 85.9 per cent. of shareholdings, but not before the meeting had been enlivened by *the attempted citizen's arrest of* the chairman by a proxy holder. A woman shareholder called the police for the same reason, but no action was taken.

This was the climax to many heated exchanges with the chairman, Mr. J. W. Buckley, who is also non-executive chairman of *the new company Herbert Ltd.*—the company the Government is setting up as the price of a £25m. rescue of what used to be one of the biggest machine-tool *groups in Europe.*

The outburst followed the passing on a card vote *of a resolution* from the floor calling for the liquidation of the company "to prevent the Government, labour or management profiting *further at shareholders' expense,"* unless the offer was substantially increased to a figure near to par value.

Several warnings

The card vote, called for after a show of hands had rejected the resolution by 61-46, was *proposed by Mr. J. Johnstone, of* Leamington Spa.

*Mr. Douglas Willey of Mount*ford, Norfolk, who had injected questions and statements throughout the meeting, eventually marched to the platform in an attempt to arrest Mr. Buckley.

Mr. Buckley had warned him on several occasions that as a proxy he had no right to speak except on a "grace and favour basis"—which was allowed him.

Mr. Willey argued that it was illegal for the assets of the old company to be used without shareholders' permission to raise a loan for a new, private limited company which would be run by only four directors and from which shareholders would be excluded.

After the result of the card vote, Mr. Buckley threw in proxy votes to produce a result of 1,234,555 votes for liquidation and 7,652,396 against.

Past and *present employees,* one of whom said his life savings were now worth about the price of a second-hand car, were among shareholders who protested that the proxy votes should not have been used to *upset the vote of those who had* attended the meeting.

The scheme of arrangement was accepted by 7,632,232 shareholdings to 1,271,379. It has to *have the approval of the High* Court, which convened the meeting. On the floor the card vote was 163,871 for and 235,414 against.

Uniform stint for detectives

By James McDonald

THE METROPOLITAN Police yesterday announced details of its new "interchange" policy *under which, from the start of* next year, detectives promoted to sergeant and inspector will serve for 12 months in uniform after each promotion before being eligible again for CID.

The scheme—first suggested *three and a half years ago* by Sir Robert Mark, the Commissioner, and evolved by working parties and by consultation with all branches of the police—is *aimed at producing a more* integrated force.

Although detectives who feel very strongly about the move can opt out of the scheme, the penalty will be slower promotion.

Assistant Commissioner Henry Hunt, who will be responsible for introducing the interchange scheme said, "The aim is to give officers a broader experience and knowledge of all police duties. For those destined for *intermediate and higher rank,* experience of more than one branch and a broader concept of the police role is desirable."

Irish anti-terror Bill faces easy passage

BY GILES MERRITT — DUBLIN, Nov. 24.

IRELAND'S RECIPROCAL anti-terror Bill with Britain is expected to receive an easier passage through the Dáil following the crushing of a revolt against it by a handful of the coalition Government's backbenchers.

Overwhelming support for the Criminal Law Jurisdiction Bill at the week-end's annual Irish Parliamentary Labour Party confer*ence appears to have ended* speculation that two prominent Labour deputies were planning to jeopardise the Fine Gael-Labour Government's slim working majority of three in the 144-seat Dáil by abstaining, or even opposing the Bill.

But the defeat of a number of motions opposing the Bill at the conference, when delegates voted consistently about 8 to 1 for the controversial legislation, is believed to guarantee a solid *Government majority.*

The Dáil debate on the Bill, *which provides for terrorists to* be arrested and tried in the Republic for crimes committed in Britain or Ulster, resumes on Wednesday afternoon this week. Although the Government has rallied its own support for the Bill, *it will continue to face* fierce opposition from the Fianna Fáil, which contests the legislation as unconstitutional. It could therefore still be some weeks before the House divides, though the Government has made *it clear that it will counter any* filibustering tactics by Fianna Fáil with the use of the guillotine.

The Irish Government's latest commitment has been to push the anti-terror Bill through before Christmas. It is under heavy pressure from Westminster to do so because Britain's reciprocal legislation enacted in August cannot come into opera*tion until the Irish "twin"* finally becomes law.

Mr. Patrick Cooney, the Justice Minister, has told the Dáil that if the Bill's constitutional *position is found unsatisfactory* during the debate it may well be referred to the Supreme Court for decision before being added to the Statute Book, involving further delay.

Ports urged to raise profits by £30m. in two to three years

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE NATIONAL PORTS COUNCIL is urging Britain's major port authorities to aim at an overall £30m. increase in *profits within the next two or* three years. Its memorandum published to-day* marks the first serious attempt to set general financial objectives for the ports.

Work on the memorandum began in 1971 on the instruction of the Conservative Government. The main impact of the recommendations from the industry's leading advisory body could be to strengthen the hand of ports in raising their charges so as to generate the suggested profit levels.

In a *foreword to the 15-page* document, Dr. John Gilbert, the Transport Minister, says that the memorandum is "an important step towards evolving a new financial and economic framework for the ports industry."

However, the council's proposals "do not necessarily represent the Government's longer-term views," says Dr. Gilbert. He points out that financial objectives for the industry will eventually be decided by the National Ports Authority when it is set up under the Government's proposals for port reorganisation.

In the meantime, the council's suggestions, devised in consultation with port authorities, could, if widely implemented, make it much easier to compare the relative performances of Britain's ports which operate *under widely different institu*tional, financial and accounting constraints.

In general the council is proposing that each port authority *should generate sufficient cash* flow in each financial year to *meet interest and taxation pay*ments, *shareholders' dividends,* the redemption of the year's capital debt, the provision of future capital debt, and to meet *50 per cent. of* all capital expenditure.

Spread over the industry, the council calculates that achievement of the objectives requires a £30m. increase on the £51.9m. profits recorded by 17 major undertakings in 1974.

This is the equivalent of a 58.9 per cent. increase in profits, *or a 12.9 per cent. rise in re*venue, or a 0.13 per cent. increase in the value of foreign cargo handled by British ports in 1973.

Agreement

*Mr. Philip Chappell, the coun*cil's chairman, said yesterday that the proposals had been produced with the agreement of the British Ports Association. A *clear statement of objectives was* needed because of the special nature of the industry, where many port authorities had no direct accountability comparable *to a private company's responsi*bility to shareholders or a nationalised industry's accountability to a Minister.

"It is, however, a fundamental assumption of the memorandum that ports should seek to be self-supporting in financial terms, at the same time providing an *efficient and competitive service* for the benefit of the nation's trade," he said.

The council had considered an alternative to the cash flow approach based on return on capital but this had been rejected as "*insufficiently* precise for the industry's requirements."

In its memorandum, which is being circulated to the chairman of 27 large port authorities and to chief executives of 60 other ports, the council has included a model statement of finances which authorities will be asked to supply in confidence each year to the council and the Department of the Environment.

"Financial Objectives for the Port Industry; £5; from the National Ports Council, Commonwealth House, 1-19, New Oxford Street, London, W.C.1.

Call to reform law on credit unions

By Elinor Goodman

THE NATIONAL Consumer Council is to press the Government to reform the law on credit unions to make it easier for groups of people to build up a common fund of savings from which they can borrow at relatively low rates of interest.

Mr. Max Wood, a member of the NCC Council, said yesterday that the council was asking the Government to amend the Industrial and Provident Societies Act to make it easier to establish credit unions—one of the most frequently used forms of credit in the U.S.

The NCC is concerned that many people, particularly those with low incomes, are at a disadvantage when they have to borrow money.

A credit union, it is argued, would provide a substitute to *the moneylender.*

The idea is that a group of people who have a common bond—who work together, or belong to the same club or *trade union—build up a fund by* saving regularly. They can then borrow from this fund and pay back the loan at an effective annual rate of about 12 per cent.

Royal Opera House planning hit by lack of notice of State aid

BY MICHAEL THOMPSON-NOEL

SIR CLAUS MOSER, chairman of the Royal Opera House, Covent Garden, said yesterday that nothing was *making life* harder for Britain's major artistic institutions than the lack of sufficient notice on the scale of Government support.

Artistic and financial planning at the Opera House was worked out two or three years ahead. But the Board received only a one-year notification of its Government subsidy and that was not told about it until virtually the eve of each financial year.

As already reported, the Royal Opera House is facing a £300,000 deficit in the current year. It started 1975-76 short of £150,000 needed to meet planned expenditure, since then "inflation has rocketed far beyond expectations, *foreign exchange* rates have deteriorated and VAT continues to be imposed."

In its report for 1974-75, published yesterday, the ROH says it is still facing a backlog of about £200,000 in lost receipts per annum in relation to VAT, while the depreciation of the pound would cost £35,000 in the current year.

Sir Claus said the Opera *House was continuously looking* at ways to cut costs. On revenue, he said that prices had been increased this season, but that the Board was determined to widen its audiences further, particularly to encourage the young, *and not to price itself out of the* market.

Commercial and industrial donations towards production costs during 1974-75 totalled £220,733. Although this represented only 3 to 4 per cent. of *total expenditure, these dona*tions—from companies like Commercial Union Assurance, Imperial Tobacco and the National Westminster Bank—invariably represented the difference between going ahead with a certain *production and not doing so.*

The report shows that the ROH's adjusted Arts Council grant last year totalled £2.65m., 21 per cent. more than in the previous year. For the current year, the grant is £3.2m., a further increase of 21 per cent. but *it has been overtaken by infla*tion (at around 27 per cent.) and by the expenses of an increased touring programme.

During 1974-75, ballet audiences averaged 93 per cent. of capacity, and opera audiences 90 per cent.

Despite its box office revenue and the support of industry and commerce and the Friends of *Covent Garden, the ROH's sur*vival as a great international house must depend on the Government, said Sir Claus.

"The Royal Opera House is flourishing artistically, and we are passionate about what we do. *But we do not claim to have a* monopoly of artistic passion, and our hope is that the Government, together with local authorities, industry, unions and private individuals, will enable the Arts generally, including the Royal Opera House and its companies, to continue to thrive."

Notice of Meetings of Noteholders of PENN CENTRAL INTERNATIONAL N.V.

Notes Issued under Trust Deed as of June 1, 1972 between Penn Central International N.V., Penn Central Company and Schroder Trust Company

PLEASE TAKE NOTICE that meetings of Holders of the above 7½% Secured Sinking Fund Notes Due 1986 will be held at the times and places stated below:

New York City:
Offices of Schroder Trust Company
One State Street
New York, New York
10:00 A.M., Friday, December 12, 1975

Zurich, Switzerland:
Zurich Hotel
Zurich, Switzerland
2:00 P.M., Monday, December 15, 1975

London, England:
Offices of J. Henry Schroder Wagg & Co. Limited
120 Cheapside
London, England
10:00 A.M., Friday, December 19, 1975

THE PURPOSES OF THE MEETINGS are to formalize the creation of a central authority of Noteholders to carry on negotiations with respect to the Penn Central Company and other parties involved in the Penn Central Transportation Company *reorganisation; to review* actions taken and to be taken to protect the Noteholders' interests as concerns the settlement in the officers and directors litigation.

The undersigned Trustee has been requested by Union Bank, one of the Noteholders, to call the above meetings. The above meetings are called by the undersigned Trustee pursuant to Article XII, Section 12.02 of the Trust Deed *referred to above.*

SCHRODER TRUST COMPANY
Trustee
By George R. Sievers, Vice President
November, 1975

State control of Burmah shareholding 'unlikely'

RAY DAFTER

SH PETROLEUM is con- that the Government will ncrease its 48 per cent. in the company through former Burman holding. Eric Drake, the retiring nan of BP, said that he .ed that the 21.6 per cent. areholding acquired by the of England from Burmah nuary would be dispersed · than transferred to the nment.

Department of Energy ented yesterday that no m had yet been taken the shares' dispersal. theless, it is felt in the hat the pace of negotia- with potential buyers is quickening.

umber of possibilities are considered by the Bank of nd: a placing of the shares on the market and/or a deal with countries which have expressed an interest in purchasing the shares — Germany (through Deminex) and Iran, for instance.

Whatever the method, it will be a very big exercise. The shares are worth some £458m. based on last night's price, as against the £179m. paid by the Bank of England.

Sir Eric, who retires as BP chairman this week, expected an announcement on the dispersal to be made soon, though he conceded that the timing would largely depend on political considerations.

BP has strongly resisted the suggestion that the Government might raise its direct stake in the company, even by 3 per cent. Sir Eric said that BP would have great difficulty in assuring overseas Governments and companies that it would not become an instrument of the State if the Government holding was increased to majority status.

In view of BP's Alaskan interests, he hoped that the U.S. Government recognised that any delay in dispersing the shares was simply a consequence of the Bank's rescue of Burmah.

While it seems that the Government's shareholding in BP will not be increased, it is only a matter of time before the Government negotiates a 51 per cent. holding in the company's North Sea oil activities.

Indeed, the two sets of negotiations may be connected. BP refuted the suggestions that the possible dispersal of the Bank of England shares has been used as a negotiating point in talks about North Sea participation. Nevertheless, it is understood that the two issues have become related, to some extent.

State shipbuilding 'must not be headed by monolith'

JOHN WYLES, SHIPPING CORRESPONDENT

RNING that a nationalised ilding industry must not aded by a "monolithic -making body" was given ight by Mr. Ross Belch, ent of the Shipbuilders and 'ers National Association, peech outlining a possible al strategy for shipbuild-

iking three days after the ation of the Government's nationalise the shipbuild- d aerospace industries, Mr. who is also chairman of Lithgow, the Scottish ilders pledged that if ownership was inevitable hipbuilders would do their best to make it work.

But he warned that the industry's chances of success would be damaged by over-centralisation.

It was essential that shipbuilding "should continue to be run on a fully decentralised basis with short lines of communication between management and men, shipbuilder and shipowner.

"Also, with things so arranged that the initiatives and quick decision-taking, so essential in an industry operating in such a fiercely competitive international market, will not be frustrated by some monolithic policy-making body."

Mr. Belch's remarks, delivered last night in the 44th Andrew Laing lecture to the North-East Coast Institution of Engineers and Shipbuilders, are bound to count heavily with the organising committee due to be set up in a few weeks time to plan the industry's structure after its nationalisation.

Brighter outlook for travel agencies

ARTHUR SANDLES

OVERWHELMING" last- · response to the Associa- of British Travel Agents' r members to lodge Court pipeline" monies with an ndent accountant has but not removed, fears he retail travel agency ss was about to be swept ave of bankruptcies.

the middle of last week had been a very poor se to appeals from ABTA nbers to lodge money paid y customers of Clarksons orizon for holidays which ever took, and the money t been passed to the tour ors.

months the row has raged who owned this money, the Line liquidators or the iers. A deal negotiated ly in a bid to avoid a courtroom wrangle seemed to settle the dispute by compromise. The cash was to be paid into a central account and allocated from there, with only a portion of it going to the liquidator.

The final figure could approach £2m., but there was little sign of it last week. This gave rise to fears that some of the money at least no longer rested with the agencies, having been long since spent. It was feared that the sudden need to repay the cash would put some agents into difficulties.

It seems the problem is not as widespread as feared at one stage. When the count is taken to-day after yesterday's deadline it will be short of the true total. ABTA hopes it will nonetheless reach the minimum necessary for the scheme to work, even if the deadline has to be extended.

Official probe of Kina urged by police

MICHAEL LAFFERTY

FICIAL investigation into ffairs of Kina, the East n engineering company receivership which holds ueen's Awards to Industry, ng recommended by the

as recently confirmed that lice have been investigat- ore than £100,000-worth of purchase deals between and a number of finance nies.

olk police confirmed last that a report is being sent Departments of Trade and ry recommending that should be taken under n 109 of the Companies 967, to seek more informa- om the company.

section deals with the power of the Department to require a company to produce documents.

Kina manufactures high-pressure water spraying equipment, and its shareholders include the M and G unit trust group and a number of city stockbrokers.

The receiver, Mr. Roger Cork of accountants W. H. Cork Gully and Co., said recently that all the shareholders money had been lost and the company's unsecured creditors were unlikely to be paid. There was a deficit of £½m., he said.

The receiver, who was called in by Barclays Bank—secured creditors for £400,000—confirmed that Kina was "almost certainly insolvent" when it received the Queen's Award in April, 1975.

Italian link with Meriden agreed in principle

PETER CARTWRIGHT AND PETER FOSTER

INT Anglo-Italian project ke the Meriden co-opera- a force in the European cycle field has been d in principle with one of top Italian groups, Moto li, Moto Guzzi and Moto B. group makes 28 models 125 cc to 1,000 cc with matic drive and has a pro- n rate of 70,000-80,000 ines annually.

Denis Johnson, the co- tive's chairman, and other sentatives flew to Italy the week-end to discuss the ct with Sig. de Tomasso, managing director of the group, who suggested a closer liaison after visiting Meriden.

A joint statement yesterday said that agreement had been reached on working out a plan to create a "European approach to the motor cycle industry." The respective Governments will be kept informed of progress.

The agreement appears to provide Meriden with a ready made solution to its problem of extending the range and possibly also of replacing the 650 cc Bonneville. A 125 cc Italian-based model looks a likely contender for the first stage of the project.

BRIEF

kage prospect

nd for fibreboard cases and ar packaging is expected to ove next year and return to al in 1977, Mr. Michael ed, chairman of Unilever diary Thames Case, said rday.

Sea steel plant

£18m. electric steel making opened at Clydesdale, rkshire, yesterday will make quality ingots for the manu- re of seamless pipes for h Sea oil.

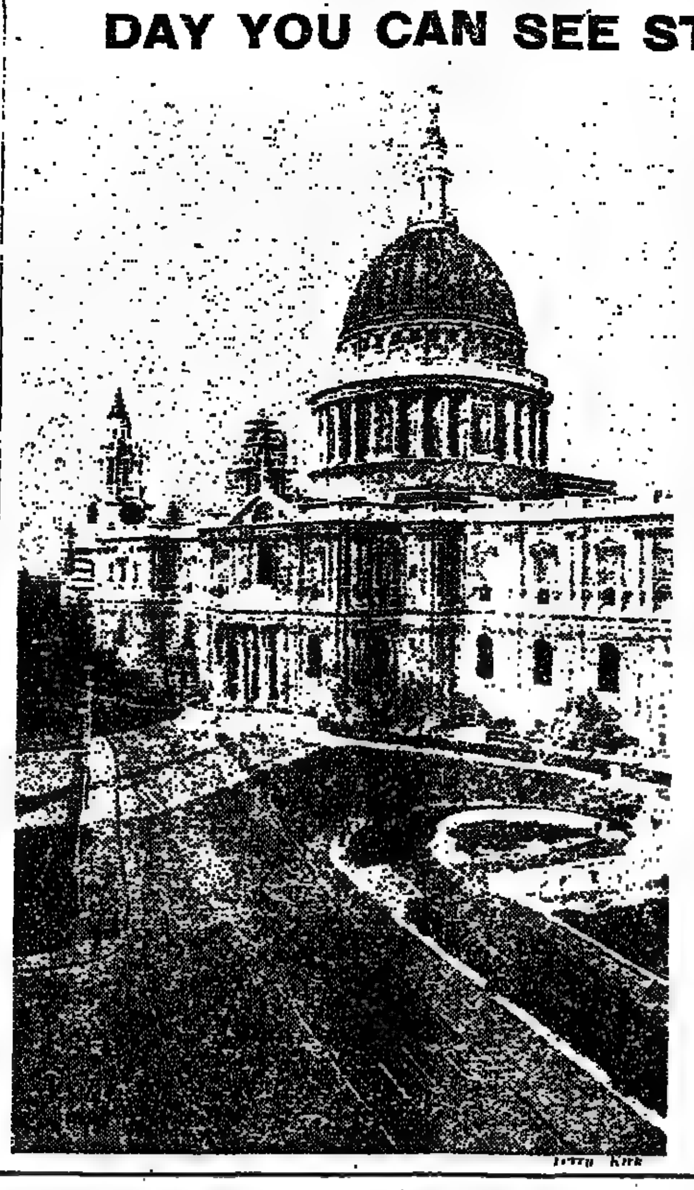
Fewer trains

BR intends to cut local services in the West Country from January 5, subject to trade union agreement, which will save £117,000. The cuts will follow Government instructions that BR's public subsidy must not exceed £330m. next year.

'Worthy' Concorde

Concorde could be awarded its U.K. certificate of airworthiness in the next two weeks, clearing the aircraft for the start of fare-paying passenger services on January 21.

CONFUSION . . . BUT ON A CLEAR DAY YOU CAN SEE ST. PAUL'S



A RARE sight on the south side of St. Paul's Cathedral (left) yesterday morning as a new traffic scheme is introduced.

The six-month experiment bans all through traffic, except buses, on some sections of the route between Cannon Street and Ludgate Hill. The aim is to improve the environment around the Cathedral.

However, it caused considerable confusion to London's rush-hour motorists yesterday. But by evening the City Police said the system was working "quite smoothly."

The traffic ban is from Ludgate Hill and St. Paul's Churchyard up to Distaff Lane.

There are diversions on the north side through Old Bailey and Ave Maria Lane, and on the south via Godliman Street.

The 'drain'

Rail travellers were told yesterday that the Waterloo and City line known as "The Drain" is unlikely to reopen before Christmas.

The 27 coaches used on the service were damaged by flooding when a water main burst outside Waterloo. Water was still being pumped out of the tunnel.

Until the service is restored, London Transport will accept British Rail season tickets for travel between Waterloo and Bank stations on the Underground.

Philip Morris delays new factory plan

BY ELINOR GOODMAN

PHILIP MORRIS, the U.S. tobacco company, is not going ahead immediately with plans to build a factory in Britain although it has obtained planning permission. The reason is said to be the decline in the U.K. cigarette market and the pressures of the anti-smoking lobby in this country.

The company had sought permission to build a plant at South Normanton in Derbyshire, costing between £20m. and £40m. and employing about 600 people.

The original idea was that the factory should manufacture Marlboro, which claims to be "the world's largest selling cigarette" for distribution in the U.K. But with the fall in the U.K. demand for cigarettes, Philip Morris now says it does not need the extra capacity.

'Under fire'

Mr. Derek Gatland, Benelux and U.K. director of manufacturing, said: "We are not immediately going ahead because of the current situation in our industry." There are pressures from the anti-smoking lobby and in general we're under fire and in difficult times."

The company, which started manufacturing in the U.K. last year with a factory outside London said it had never agreed a specific date for beginning construction in South Normanton. But it seems likely that if demand for Marlboro had continued to grow at last year's rate it would have needed additional capacity within the next two years.

Last year sales of Marlboro, which is one of the biggest selling imported cigarettes in this country, more than doubled, but this year the total U.K. cigarette market is expected to fall by 5 per cent.

Philip Morris says it will continue to supply the British market with cigarettes manufactured in this country, while delaying a decision on the new factory until the situation "becomes clearer."

Although all major tobacco companies are suffering from reduced sales this year, W.D. & H.O. Wills is going ahead with a large redevelopment outside Bristol on the grounds that the market will eventually recover.

Meanwhile, Gallaher is following Imperial Tobacco and raising the prices of most of its cigarettes by ½p for 20 from Thursday. This will mean Silk Cut Regular will now cost 42½p for 20. Like Imps, however, Gallaher is holding the prices of its king-size brands, such as Benson and Hedges Special Filter, at their present levels.

The prices of Senator and Benson and Hedges Special Panatellas will remain unchanged, but miniature cigars will be increased by 2p for 10. Hamlet and Manikin will be increased by 1p for five, bringing their price up to 44p.

More Home News
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Automated conveyor systems

PSB—probably the world's most advanced materials handling and storage system—is available in the U.K. for the first time through *Marryat Handling*. The new agreement will enable Marryat to extend its present range of mechanical handling facilities to include highly mechanised, as well as fully automated, installations. These have been designed specifically to deal with the storage and handling of small parts and use light overhead conveyor systems.

Although individual units can be supplied separately, the exceptional advantages of the PSB-*Marryat handling system is only* fully realised when an integrated installation is arranged. As the *concept is highly standardised*, most installation requirements can be met from the range of standard parts. *Advisory* and planning service are available to provide optimum layouts.

Control systems work on the same principle. Standard plug-in control modules, which are interchangeable, are built up to provide the highly sophisticated degree of automation required for container handling storage systems and overhead conveyor systems.

On average, systems already functioning in Europe show 30 per cent. shorter throughflow time: 50 per cent. less circulation of goods: and 8 per cent. higher daily output.

Marryat is at 40 Hatton Garden, London EC1P 1AN. 01-405 7676.

Multi-role pumps

LIQUIDS up to a maximum temperature of 40 degrees C can be handled by the latest general *purpose reciprocating* piston pumps produced by British Guinard Pumps.

They are *available with outputs* varying from 1,500 litres per hour at a pressure of 40 bars to 2,000 litres per hour at 40 bars when driven at speeds varying from 420 to 580 rpm.

They can be supplied with two cylinders and four valves or *three* cylinders and six valves and are mounted on two-wheel trolleys and belt driven by a *three or four* horsepower motor wired for three-phase, 415 volts.

Belt guard, pressure gauge, relief valve, three metres of suction hose, eight metres of high pressure hose, spray gun and five metres of electric cable are supplied with each unit.

The manufacturer is located at Kernan Drive, Loughborough, Leics. (Loughborough 31872).

● TRANSPORT

Responds to hydraulic load change

HYDRA-SENSOR is a hydraulic flow sensing control that will adjust a vehicle i.e. engine throttle setting so that any *constant displacement hydraulic* pump it is driving can be kept at constant output.

Pneumatically operated from an integral hydraulic flow *sensor*, the unit is fitted into the vehicle hydraulic system in the pump output line.

It monitors pump *displacement* and responds to all hydraulic system load changes, sending an *air signal to* the throttle cylinder which is in turn connected to the engine *throttle linkage*. The cylinder repositions the throttle as necessary to maintain constant pump output in the changed load conditions.

The normal solution of overrevving or high idling speed to *accommodate infrequent* maximum pump load requirements is obviated, and so fuel *consumption is reduced*. There is also less wear and tear on engine and pump.

Hydraulic pressures up to 210 bar (3,000 psi) can be dealt with and flows between 7.5 and 151 litres/min (1.6 to 33.3 galls/min). More from Integrate Hydraulics, Blackdown, Leamington Spa, Warwicks (0926 38211).

● ELECTRONICS

Tape will withstand solvents

PRINTABLE polyester tapes from 3M Industrial Electrical Products are resistant to solvents. Known as Scotch 1286 and 1291, they are identical except in base thickness: 0.029 mm (*nominal 1 mil*) for 1286, 0.057 mm (2 mil) for 1291. Ready-printed tapes can be produced to customers' specifications.

The acrylic adhesive system, *yellow in colour and providing* excellent opacity, has been formulated for oil and solvent resistance substantially better than the common rubber-based adhesives. For maximum resistance a minimum cure cycle of 3 hours at 120° C or 1 hour at 150° C is recommended, but thermosetting is not necessary for most applications.

The new tapes are expected to find wide application in industrial electronics, typically for bobbin wound coils for relays and transformers. An important *aspect of solvent resistance* is that the tapes may be safely used on components for printed circuit board mounting. The fluxes used in wave soldering pcb's must be removed with strong solvents. Even without thermosetting, Scotch 1286 and 1291 are resistant to Freons and most other cleaning reagents.

3M U.K., 380, Harrow Road, London, W9 2 HU (01-286 6044).

Medium rate counters

TWO NEW presettable up/down counters have been added to the CD4000 Series of COS/MOS digital integrated circuits produced by RCA Solid State—Europe.

One is a presettable binary-*coded-decimal counter and the* other a presettable binary counter: each device consists of four synchronously *clocked* gated D type flip-flops connected as counters.

The devices are designed for medium-speed operation (typically 7MHz), and *incorporate* facilities for resetting.

The counters are cleared by a high level on the "reset" line, and can be preset to any binary number by a high level on the "preset" line.

For single-unit operation, the "*carry-in*" *input is held low*, and the counter advances up or down on each positive-going clock transition.

RCA, Sunbury-on-Thames, Middlesex. (Sunbury 85511.)

● COMMUNICATIONS

Training for new facsimile

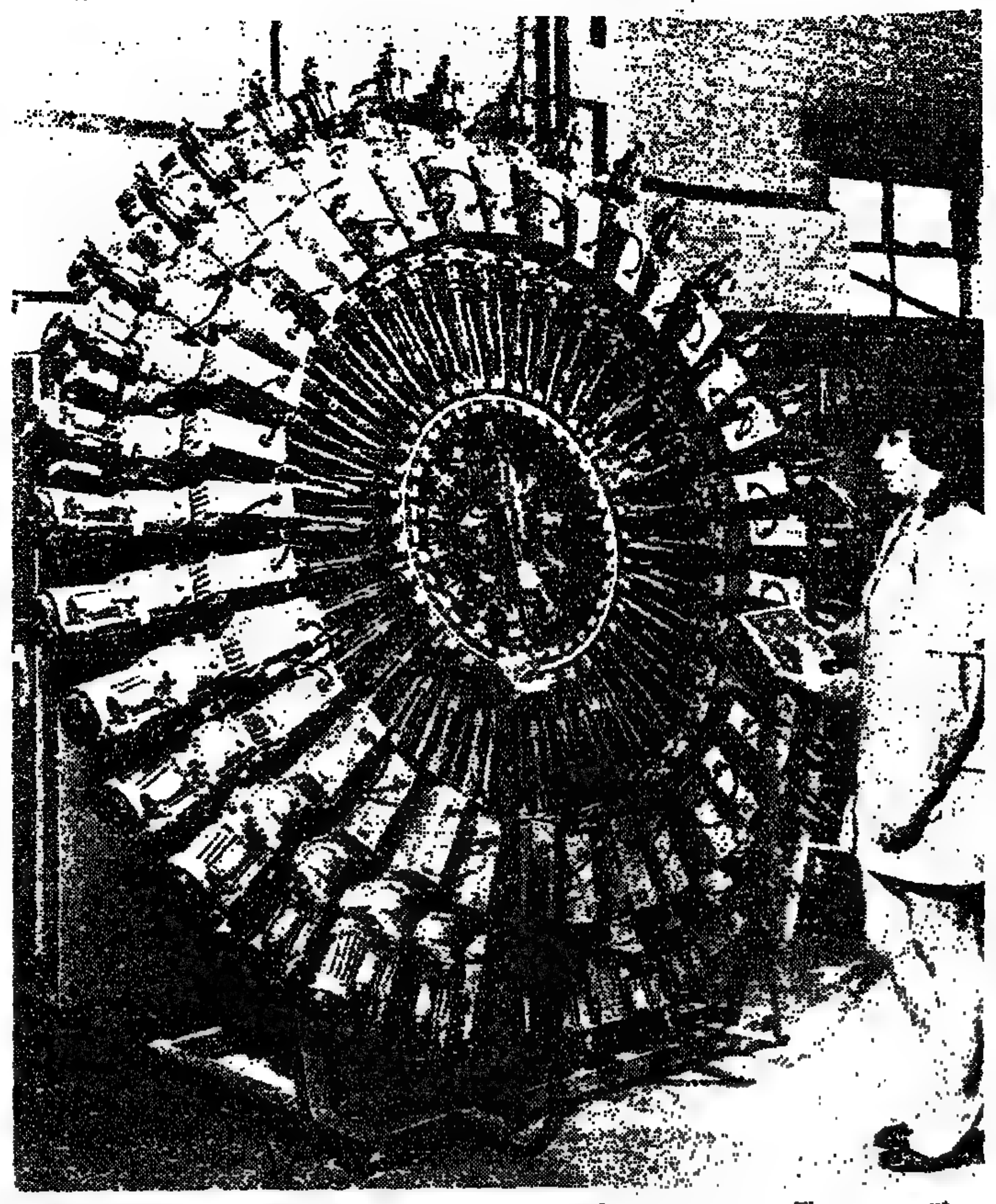
MUIRHEAD, pioneer of facsimile, has opened a world-wide training centre for the teaching *of all facets of facsimile* communication at its Beckenham, Kent, headquarters. There are *already 20,000 users of facsimile* machines and more than 15 countries were represented during the first few weeks of the centre's opening.

The scope of facsimile communication—a challenger to the present telex system—is being extended daily and Muirhead's training programme is aimed not only at aiding its own service engineers but is also intended to train customers' technicians from all over the world. A third dimension is a one-day appreciation course for managing directors, *communications managers* and chief engineers.

Muirhead machines are used widely in Government departments, by the BBC and ITV in compiling weather charts, British Rail, newspapers, the Stock Exchange, and the police and fire brigades.

The two biggest document facsimile installations, each of more *than 500 machines*, have been made at the Department of Employment, and with British Rail's TOPS freight movement communications system.

Muirhead is on 01-650 4888.



Drilling 36 spoke holes in a bicycle wheel rim (centre) at a single pass. This machine believed to be unique, is installed at Birmetals, Quinton, Birmingham, and was designed and built by Qualcast (Cuffins), *both members of the Birmid Qualcast* Group. It comprises 36 Bellows International (*Trading Estate, Slough SL1 4QU Bucks.*—0753 35826), electro-pneumatic drilling units mounted around the perimeter of a rig, plus one air drill in the centre. The component being drilled is a 1mm thick tubular "Sprint" cycle wheel rim of extruded and drawn aluminium. The perimeter units drill holes for the location of the spoke ferrules and *the centre unit drills* a valve hole. Twelve clamps hold the rim in position. Average *floor-to-floor time for a rim* is 15 seconds. The rims weigh 11 oz. 12 drams, and are used *with tubeless tyres on racing bicycles*.

● DATA PROCESSING

Real-time trends scrutinised

CURRENTLY *circulating within* the computer industry is a report to the Computers, Systems and Electronics Requirements Board of the Department of Industry entitled "The Future of Real Time Technology."

It is a consultative document: one circulated *to see if agreement* can be reached by those involved in the field on what needs to be done and on the scale of investment that the Government needs to think of if the technology is to be further developed. It was prepared for the Board by a study group.

This group has chosen to interpret real time in a very *narrow way, which is already* causing some controversy among those who have seen the report. It treats the market for real time as one in which computing plays only a small part excluding multi-access computing and one which is moving towards sensor based applications such as chemical process control and on line scientific instrumentation. It has taken only a small set of what many experts consider the real marketplace to be, and within *that not necessarily the one that* is expected to show major growth.

Even so, according to a survey carried out for this report, the sales of computer hardware to the real time market sectors as defined are expected to be of the order of £50m. a year by 1980. Overall U.K. investment in real-time systems is running now at around £20m. over 12 months.

The group recommends that *£1m. a year be devoted to real*-time research, above and beyond —though it is not quite clear on this—the R and D expenditures of companies in the field in the U.K. They list six areas in which such research is necessary, giving priorities. The areas are parallelism, languages, software aids, reliability, and ergonomics.

Because of the interworking *that is likely, they indicate that* standardisation has urgent priority. In parallelism, which is advancing fast because software and hardware flexibility is facilitating such developments, realtime working needs a close study. The extension of serial languages so that they can reflect parallelism must be examined.

The group considers that a body should be set up and provided with funds to support pilot schemes in novel applications. This body should also act as a focus for the promotion of the use of computers in the manufacturing and service industries. This seems to be an attempt to meet the general criticism of much computer research to the *effect that it is not close enough* to manufacturers and/or the marketplace.

Solution of structural problems

CONSULTING engineers L. G. Mouchel and Partners have entered into an agreement with Computel, to support and regularly update the EASANAL system of computer programs *for the* solution of structural problems.

Special depelopments of EASANAL *programs for particular* clients will also be undertaken. Computel will be responsible for marketing the system.

The agreement follows the development of a new version of EASANAL which extends the economic range of the system to *comparatively small structures*. Recently Mouchel enhanced the system to handle problems associated with vibration.

● *By agreement between the Financial Times and the BBC information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● MACHINE TOOL[S]

Notches and shears

A CORNER notching and sh[earing] unit has been introduced [by] Parhurst Engineering [of] Strangers Lane, Tingew[ick], Bucks. It is designed to cor[ner] notch and shear up to 3 mm n[ild] steel sheet with a maxim[um] *notch size of 175 x 175 mm*.

Capacity is based on a ten[sile] strength of 30 tons and the s[tan]dard maximum notch size [can] be increased by through-feed[ing] the material—the triangular blades are designed to prot[rude] 0.38 mm clear of the cutter h[ead] *to permit through-feeding* [and] longer notching.

Hydraulic power for [the] pneumatic model is supplied [by] an ordinary workshop air[line] delivering 80 psi. An electric[ally] driven hydraulic model is av[ail]able for use where an airlin[e is] not available.

● NORTH SEA OIL

Wang plays key role in oil

OFFSHORE OIL exploration development and actual op[era]tions within the North Sea [pro]vides a *mass of statistics* [and] technical data, which is be[ing] continually expanded. Ove[rall] supervision and control of [the] programme within the Bri[tish] sector is co-ordinated by [the] Evaluation and Conserva[tion] Group of the Petroleum En[gin]eering Directorate of the Dep[art]ment of Energy at Millb[ank], London.

Until this year, the Group [has] been utilising two Wang [pro]grammable calculator syst[ems] to evaluate well information [to] construct an overview of [the] offshore projects and an infor[ma]tion databank. However, [be]cause of increasing demand [for] comprehensive engineering [in]formation on the rigs, actua[l] wells, reservoirs, etc., the Dep[art]*ment has added a Wang* computer scheme to the exis[ting] equipment to assist in the [ex]pansion of the Group's wo[rk].

Much of the Group's wor[k is] involved in the correlation of data obtained from compa[nies] operating in the North Sea [and] is built up to give an up-to[-the-]minute picture of U.K. Conti[nen]tal Shelf hydrocarbon reserv[es].

The 2200 is used both for stand-alone computing and a[s an] intelligent terminal. [The] system includes a 2200B cen[tral] processor and VDU dis[play] station with an 8K core mem[ory], a 10 megabyte cartridge store, high speed printer a[nd] *telecommunications option* [for] on-line access to large m[ain]frame computer systems.

Because of the very [wide] variety of projects being ca[rried] out, the Wang computer is [used] locally by the Directorate [to] assist in engineering studies [and] feasibility projects conne[cted] with the oil wells, platf[orms] and pipelines.

Wang is at 01-903 6755.

LABOUR NEWS

Telegraph hit as print unions agree strategy

Y CHRISTIAN TYLER, LABOUR STAFF

IBERS of the National hical Association in Man- er walked out last night in st against redundancies unced by the Daily Tele- . Their action halted pro- on of northern editions of Telegraph, the Daily Mirror the Sporting Chronicle. ar action last Friday ed production of northern ns of the three newspapers.

rlier in the day the main ing unions—the NGA and Society of Graphical and d Trades (SOGAT), had n up a common strategy to with national newspapers' to modernise the industry shed labour by introducing uter technology.

National Graphical Associa- which has hitherto worked olation while awaiting re- ssion to the TUC—will ont national newspaper sentatives next week with nds that there must be no ulsory redundancies and discussion on "social im- plications" for members leaving the industry.

A union leader last night described the unions' broad agreement to a document on strategy as "an historic occasion." He said the Mirror group of newspapers, which left the Newspaper Publishers Association some time ago, had accepted an invitation to join the NPA members at the talks.

Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades (SOGAT), said the unions had no wish to adopt a "Luddite attitude" to block the computer technology, but employers had a duty to carry out their "social obligations."

The unions, while expressing individual reservations about the document, are ready to insist that the NPA accept a package of guidelines for the changeover in Fleet Street. They hinted yesterday that detailed negotiations with individual managements on plans already announced would be blocked if those guidelines were not agreed.

The document which will be considered by the unions' national executives before the meeting with the NPA, has three broad objectives: no compulsory redundancies due to new technology, adequate terms for voluntary redundancies and detailed discussions on "social implications," including retraining and the creation of a "social fund."

Hosiery drive for full £6

MORE THAN 40,000 members of the National Union of Hosiery and Knitwear Workers started industrial action yesterday for the full £6-a-week pay increase allowed under the Government's policy.

"The union's policy of non co-operation is already beginning to have some effect in certain areas," said Mr. David Lambert, the union's general secretary. The union called on its members to ban overtime from yesterday and to refuse to undertake new styles unless satisfactory piece rates were offered.

From next week it has asked members to hold one-day strikes every Monday. The action follows the union's rejection of a 10 per cent. offer from the employers.

Steel craftsmen seek 'substantial' rise

BY LORELIES OLSLAGER, LABOUR STAFF

UNION RESISTANCE to the British Steel Corporation's request for a further drastic reduction in its labour costs began to take shape yesterday as at least one major group of workers, the craftsmen, threatened to complicate the situation even further by preparing a "substantial" pay claim.

Trade unions representing some 35,000 craftsmen plan to give the Corporation an outline of their claim within the next few days.

The executive of the biggest steel union, the Iron and Steel Trades' Confederation, is suggesting an approach to the Government to fight off the threat of massive compulsory redundancies or cuts in earnings implied in BSC's plans.

The executive met for six-and-a-half hours yesterday to discuss the Corporation's request for union co-operation in reducing its costs by £200m. a year in each of the next two financial years.

Apart from suggesting the approach to the Government to the other unions represented on the TUC Steel Industry Committee, which will formally give the unions' reply to the Corporation, the executive also decided that more information was required from BSC before the unions could formally respond.

Many members of the executive felt however, that the confederation could not agree to a massive reduction of earnings through national suspension of the guaranteed working week, one alternative to several thousand redundancies if BSC's goals for savings are to be accepted.

Another alternative is for the unions to agree to greater "flexibility" under which steelworkers would take on additional tasks so that older workers could opt for voluntary redundancy. But this course might be complicated by the counter-inflation policy, which does not allow extra pay for increased productivity outside the £6-a-week limit.

The craftsmen base their pay claim on the fact that unlike all other workers in the Corporation they had no pay rises to compensate them for inflation.

Their last pay agreement was concluded in June, before the counter-inflation policy came into effect. Because of this timing they feel they are not affected by the rule requiring a 12-month interval between major settlements.

Iron and Steel Trades Confederation negotiators are meeting to-day to consider their pay situation. Their 19-month agreement provided for a cost-of-living rise in October and a further adjustment to be negotiated in January.

APPOINTMENTS

Two Hill Samuel directorships

Mr. E. A. Emerson and Mr. M. R. B. Gatenby have been appointed directors of HILL SAMUEL AND CO.

★

Mr. Reg Willans has been appointed executive director of ARC CONSTRUCTION. He was formerly specialist director and chief estimator of the company.

★

As part of its policy of providing top executives with an interchange of divisional experience, RENOLD states that from January 5 Mr. E. Garlick will transfer to divisional managing director of the overseas division, to which is added the U.S. operation, and Mr. C. J. Meek will transfer to chain divisional managing director.

★

Mr. J. M. McCormick, director, manufacturers sales for Goodyear-Great Britain, has been appointed president of GOODYEAR-JAPAN from December 1.

★

Mr. C. S. Yearwood has been appointed manager of the London branch of the BANK BUMIPUTRA MALAYSIA BERHAD. A London branch will be established in the New Year.

★

Mr. Edgar A. Gadie, president of the PROVINCIAL BUILDING SOCIETY since 1964, is to retire from the presidency at the end of this year, but will remain on the Board. Mr. Dennis Howroyd has been elected chairman from January 1. He has been on the Board since 1962.

★

MINTER INTERNATIONAL, formed earlier this year to promote and co-ordinate overseas activities within the Minter group, has appointed the following directors: Mr. R. H. Minter (chairman), Mr. Allan Dodd (chief executive), Mr. K. C. Marston, Mr. R. S. T. Ager, Mr. W. P. Allen, Mr. M. St. C. Baird, Mr. J. Minihane and Mr. M. S. T. Waite.

★

Dr. John McCombie has been appointed joint managing director, with Mr. John Sterling, of KORATRON TECHNIQUE (U.K.).

★

Mr. Rupert Chetwynd is to found and chair the WEST MIDLANDS EXPORT CLUB with the assistance of the British Overseas Trade Board. He has been succeeded by Mr. Julian Broad as chairman of RUPERT CHETWYND AND PARTNERS (HOLDINGS) but will remain on the Board.

★

Following the sale by Brocks Group of INTERNATIONAL TIME RECORDING HOLDINGS to Redgate Securities, Mr. D. Selby and Mr. P. Towle will be resigning from the Brocks Group on completion at December 31. Mr. Towle will continue as managing director of ITR Holdings and Mr. Selby will remain a director of that company and will be joining other associated companies of Redgate Securities.

★

Mr. William G. Mitchell has been appointed a director of NORTRUST CORPORATION and its bank subsidiary, the Northern Trust Company, Chicago. He will take the place of Mr. S. B. Smith who is retiring from the Board of Northern Trust. Mr. Smith will remain on the Board of Nortrust. Mr Mitchell is currently executive vice-president and chief administrative officer of Beatrice Foods and will become chairman of that company in June, 1976.

★

Mr. G. A. W. Williams has been appointed managing director and Mr. R. Passfield, general manager, of APPLIANCE COMPONENTS. Mr. Williams takes over as managing director from Mr. D. H. Surgeoner, who is relinquishing some of his executive responsibilities but will remain chairman. Previously, Mr. Williams was a director and general manager and those responsibilities are now assumed by Mr. Passfield who was formerly a director and works manager. The company is a member of the Unitech Group.

★

From January 1, Mr. J. C. Melbourne will become managing director of CONSTRUCTORS JOHN BROWN responsible for main engineering and contracting. Previously he was managing director of Constructors John Borwn Australia (Pty.). Mr. J. A. R. Staniforth remains chief executive of the group.

★

Mr. Dennis Armstrong has joined the Board of BRANDT'S and will continue as head of the export finance department. Mr. Brian Solomon has also been appointed to the Board and will work within the industrial department. Mr. David Valentine, who is already a director, becomes head of the domestic banking department.

★

Mr. Maurice Bonnel, president du directoire of Banque de la Société Financière Européenne, has been appointed director of INTERNATIONAL ENERGY BANK following the resignation of Dr. Peter Hartmann.

TUC may tighten ules on mergers

' JOHN ELLIOTT, LABOUR EDITOR

LEADERS are to consider ing the scope of their ngton inter-union rules so hey can be used to restrict s' rights to negotiate rs.

s follows a High Court last month which over- d a TUC decision in an ance industry merger and made it clear that the inter-union rules do not at nt cover mergers.

llenge

terday, however, the TUC al purposes committee, on legal advice, decided o appeal against the High judgment even though the had lost the case. This on was taken because the did not challenge the right e TUC to restrict inter- activities in straight ing disputes.

at he said was that the was acting outside its rules it told the former clerical ers union, APEX, to unscramble a merger with the General Accident Staff Association because the Association of Scientific, Technical and Managerial Staffs claimed insurance was its field.

Yesterday, the TUC leaders decided that the TUC's employment and organisation committee should urgently examine the Bridlington rules to see if the gap could be plugged.

Meanwhile the readmission of two unions to the TUC following their expulsion over the Industrial Relations Act's registration provision is still not finalised. They are the National Union of Bank Employees and the National Graphical Association. Problems have arisen over TUC insistence that they should pay a lump sum covering affiliation fees for the period they were outside the TUC.

Yesterday, NGA leaders met the TUC general purposes committee, which rejected this plea that their back-payment should be pruned because of the long time it has taken the TUC to readmit them. Now the NGA has to decide what to do.

'ord shop stewards ep-up co-operation

' OUR LABOUR STAFF

' STEWARDS representing workers in Britain, France Vest Germany have agreed p up co-operation in dealing their multinational em- r, in particular as far as and a greater say for orkers in company policies oncerned.

a meeting in Germany over eek-end, they drew up a int plan for co-operation they hope will make it difficult for the company to different policies in dif- t countries.

the aim of their increased ration is to move gradually ds similar claims on pay conditions, rather than ilate immediate joint nds.

iciple

cifically, the six point plan for co-ordinated efforts to ase wages, for the introduc- of a 35-hour week, and for ving the principle that line ls and manning levels must jointly agreed between gement and unions.

e stewards are also seeking y for the workers in all mic decisions by the com- particularly investment ions.

ally, they agreed to work gh their national Governments "to achieve a legal basis for controlling the multinational company," a joint statement said.

The stewards also issued a statement expressing solidarity with Chrysler U.K. workers trying to preserve their jobs, and condemning "the multinational company."

Northumberland NUM keeps to moderate line

By Our Newcastle Correspondent

THE TRADITION of moderation in the leadership of the National Union of Mineworkers' Northumberland area is likely to be continued with the election of Mr. Sam Scott as general secretary yesterday.

Mr. Scott, at present NUM secretary at Ellington colliery, will succeed Mr. Bob Main, who retires next month after 25 years in the post.

Mr. Scott said he expects to take a similar line on most issues to Mr. Main, who is usually classed as one of the moderates on the National Executive.

Mr. Main's place on the National Executive has been taken by the area's financial secretary, Mr. Tom Elder, another moderate.

IUT factions prepare or executive elections

' OUR LABOUR STAFF

T AND LEFT wing factions e 270,000-strong National of Teachers are preparing he next round of political ting after the election of a arty moderate as the union's r vice-president last week. ctions for the union's 48- g national executive are to place early next year, and elected take office at r.

mmunists and Trotskyists een them are said to hold five seats on the present executive.

The new senior vice-president, who will become the union's president for one year in 1977, is Mr. John Gray, headmaster of a comprehensive school at Stockport. He describes himself as never having been attracted to any political party.

A Labour Party member, Mr. Dewi Bonner, was elected as Mr. Gray's successor in 1978.

New challenge to Leftist eadership of engineers

' OUR LABOUR STAFF

W challenge is emerging to Left-wing leadership of Amalgamated Union of neering Workers' engineer- section, which is still ting from last week's union ions in which "moderates" t the board.

John Weakley, a South s motor plant convener who ear won a court injunction save the union's postal balloting system, has been nominated for one of the two assistant general secretary posts which falls vacant in April 1977.

The result of a recount for the other post—part of the recent round of elections—should be known to-day. The present holder is Mr. Ken Brett, a Communist, who faces a challenge from Mr. James Docherty, Tyneside branch secretary.


Mercedes? BMW? Jaguar?

PARLIAMENT

Independent police complaints Board plan

By Richard Evans, Lobby Correspondent

THE POLICE BILL published yesterday introduces an independent element into the procedures for handling complaints by members of the public against the police.

The legislation will establish an independent statutory Board appointed by the Home Secretary. The preliminary investigation of a complaint will be undertaken by the police as at present.

After any necessary references to the Director of Public Prosecutions, the report will, in most cases, be sent to the new Board which will have two main functions.

First, it will examine all cases in which the Deputy Chief Constable does not consider there are grounds for preferring disciplinary charges. If the Board disagrees, it can in the last resort direct that charges should be brought.

Second, the body will examine cases where disciplinary charges have been brought to decide whether in exceptional circumstances the public interest would be served by appointing a disciplinary tribunal. At present, most charges are heard by a chief officer.

The Fair Employment (Northern Ireland) Bill which was reintroduced in the Lords on November 20 and published yesterday is except in minor detail, identical to the Bill published in the Lords last May.

It deals with the promotion of equality of opportunity in employment and occupations between people of different religions, and makes it unlawful for an employer to discriminate on the grounds of religious belief or political opinion. It gives priority to the voluntary approach to the promotion of equality of opportunity and to conciliation in securing such equality.

Royal Yacht costs £2.25m.

Financial Times Reporter

IN A written reply in the Commons yesterday Mr. Frank Judd, Under Secretary for the Navy, estimated the running costs of the Royal Yacht Britannia at about £2.25m. for the financial year 1975-76.

He stated that this figure reflected the cost of Britannia's triennial refit "which will be carried out early in 1976."

Compensation law review

A COMMITTEE is being set up to review the principles and operation of the Criminal Injuries to Property (Compensation) Act (Northern Ireland), Mr. Merlyn Rees, Ulster Secretary said in a Commons written reply yesterday.

The chairman will be Sir James Waddell, formerly Deputy Under Secretary of State in the Home Office.

Perils in literacy

BY PHILIP RAWSTORNE

THE GOVERNMENT'S education policy was endorsed in the Commons last night by a decisive majority of 44. Conservative criticisms that it was costly, damaging, destructive and ignored public opinion were comprehensively rejected by 299 votes to 255.

Unhappily for Mr. Norman St. John-Stevas, the Tory spokesman, the only evidence produced to support his charges of declining educational standards was a Press release from Conservative Central Office which spelled "litteracy" with two Ts.

"I can well understand your concern," Mr. Fred Mulley, Secretary for Education, joked—and Mr. Edward Heath was hard put to hide a smile at the discomfiture of the Opposition front bench.

The whole debate, in fact, was rather more good-humoured than the Commons has come to expect on this issue. It became almost hysterical as Dr. Rhodes Boyson, Tory MP for Brent North and a former headmaster, predicted that if the Government had its way we would end up with mixed ability football teams and hide-holes in country houses for persecuted private tutors.

Even Mr. St. John-Stevas grinned at that, though with not quite the hilarity he displayed at Mr. Mulley's revelation that he was a first-class honours graduate.

It was a fact, repeated Mr. Mulley, with becoming modesty. And though he did not set great store upon the achievement, those who did might like to know that more and more similar qualifications were being gained by comprehensive schoolchildren.

With that, Mr. Mulley strongly reaffirmed the Government's intention to abolish the "divisive" 11-plus selection.

"But what I cannot do is to abolish selection at a legislative stroke," he added. The Government's Bill would give him powers to ensure that local authorities did reorganise on a comprehensive basis without dragging their feet, he said.

But the Government recognised that in some areas reorganisation was being delayed by a shortage of resources.

Mr. Mulley, in short, promised compulsion with a gentle hand—but compulsion nevertheless. "To be truly comprehensive, all the schools in an area need to be comprehensive," he declared. "The idea that you can have comprehensives alongside grammar and direct grant schools is candidly not feasible."

The Government's policy, he claimed was supported by the great majority of parents.

But whatever the truth of that, Mr. St. John-Stevas was not deterred. "Quite reprehensible," he rejoined sharply. "The Government has tried persuasion, threats and bullying and, now that they have failed, is being driven to legal compulsion."

The Opposition was not opposed to comprehensive schools, he said—just to their "mindless imposition everywhere without regard to educational and economic circumstances, parental wishes and local rights."

The Government's move would be opposed with every Parliamentary weapon and public opinion throughout the country would be mobilised for the battle, he pledged.

Schools must be 'truly comprehensive'—Mulley

SELECTION and selective schools should be abolished as far as possible, as a matter of urgency, Mr. Fred Mulley, Education Secretary, stressed in the Commons yesterday.

But, speaking during the continued debate on the Queen's Speech, he added that he recognised that in some areas shortage of resources should hold up reorganisation.

Mr. Mulley said that the issue was clouded by talk of the Government's destroying schools in comprehensive reorganisation. He could not accept that proposition—and to do so would be to censure Mrs. Thatcher who, as Education Secretary, had presided over such reorganisations.

By 299 votes to 255, Government majority 44, the House rejected an Opposition motion regretting the inclusion in the Queen's Speech of compulsory comprehensive reorganisation proposals.

Mr. Norman St. John-Stevas, "shadow" Education Secretary, had earlier attacked the Government's proposed Bill to abolish selection as a "King Charles head" which it was displaying everywhere.

He promised that the Conservatives would fight the Bill everywhere, in Parliament and in the country. The Opposition were not against comprehensive schools but against the "mindless imposition" of them everywhere.

Mr. St. John-Stevas said that the policy of compulsion would bring the idea of comprehensive schools into disrepute. "If the comprehensive school is to be established, it must secure its position on its own intrinsic merit, not by force of law."

Conservatives would oppose the Bill within the House by every Parliamentary means. "We will oppose it in the country and we will seek to mobilise education and public opinion throughout the nation so that it will become clear to the Minister that his policies are regarded as bad by those who care about our schools and those who are educated within them."

Mr. Mulley said that the Government wanted to increase educational opportunities for about 300,000 boys and girls who entered employment each year with little or no chance of further education or training.

The problem was not simply a quantitative one. What was needed was co-operation between educational and training interests and the Government had been engaged on bringing this about for some time.

Stressing the Government's determination to abolish selection at 11, 12 or 13 years of age, Mr. Mulley said: "As far as we can, we want this to be dealt with as a matter of urgency, although we recognise that in some areas, shortage of resources is holding up reorganisation."

The issue was clouded by talk of the Government destroying schools in comprehensive reorganisation. "I cannot accept the proposition that a grammar school or secondary school, when it is reorganised, is destroyed. To do that would be to censure Opposition Leader, Mrs. Margaret Thatcher, because she, as Education Secretary, presided over the 'destruction' of many such schools.

Divisive

"We believe reorganisation contributes to a more sensible, less divisive, and educationally sounder system." He regretted that legislation had to be introduced to achieve what he would have preferred to do by agreement.

"We are proposing that to be truly comprehensive in an area all the schools need to be comprehensives. The idea you can have comprehensives alongside grammar and direct grant schools is candidly not feasible."

"I shall not tolerate local authorities dragging their feet."

Mr. Mulley said he would make available the extra resources called for in the major changes he was proposing. But he also wanted to see better planning and better use of existing resources to avoid disruption.

The latest figures showed that, with new comprehensives coming into effect this year, over 65 per cent. of children would be in comprehensive schools.

"It is clear that over the country as a whole the majority of parents have utterly rejected the system of divisive selection, which imposes a sense of failure on children. Like the majority of educationists they are putting their weight behind a comprehensive system, and ask only that it shall be given a chance to work."

Mr. Clement Freud, Liberal education spokesman, said that the Liberals supported steady progress towards ending a selective system of secondary education.

Soldier deaths strain Ulster bipartisan policy

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE MOST serious rift so far to threaten bipartisan policy over Northern Ireland opened up in the Commons yesterday when the Opposition expressed bitter criticism of the Government following the deaths of British soldiers in South Armagh.

From the Tory front bench, Mr. Airey Neave, scathingly demanded to know when the Government would give "some evidence of leadership and decision in fighting terrorism?".

Mr. Stanley Orme, Minister of State, Northern Ireland, retorted: "It ill becomes Mr. Neave to talk like that when the Army is in the position it is in at the moment and to play politics with the Army."

Parried

With Labour MPs also stressing their anxieties over the way the Government was dealing with the situation, Mr. Orme insisted that in spite of the difficulties the security forces were, in fact, having increased success in combating the terrorists.

But the row became partly political when Tory backbencher, Mr. Winston Churchill, hurled at the Government the accusation that young British soldiers were being betrayed by "spineless and gutless politicians."

Labour MPs yelled "disgraceful" and "shame" at this allegation, and Mr. Orme—almost stammering in his indignation—told Mr. Churchill that his remarks were too despicable to warrant a reply.

On both sides of the House, MPs made clear their suspicion that political control of the Army hampered its security operations. It was a contention that Mr. Orme repeatedly and vehemently denied.

"There is no political direction which restricts the security forces in carrying out their duties in South Armagh or anywhere else," he declared.

Standing in for Mr. Merlyn Rees, Northern Ireland Secretary who was in Belfast for discussions with the chiefs of the security forces, Mr. Orme parried other criticisms when he made a statement on the murder of the three British soldiers.

Some had urged the Government to stop releases from detention. But this would not solve the problem, he insisted. Nevertheless, if detention had to be used again, it would certainly be used.

Three Ministers support EEC 'monitoring' move

BY RICHARD EVANS, LOBBY CORRESPONDENT

LABOUR anti-Marketeers launched a new campaign yesterday with the backing of three members of the Cabinet, nearly six months after the electorate voted to stay in the European Community.

Although insisting at a Westminster Press conference that their purpose was not to re-fight the referendum, they presented the same arguments as in the referendum campaign.

The two members of the Cabinet present—Mr. Anthony Wedgwood Benn, the Energy Secretary, and Mr. Peter Shore, Secretary for Trade—lined up with leaders of the Labour Common Market Safeguards Committee. The third cabinet member, Mrs. Barbara Castle, was not present.

Mr. Benn and Mr. Shore did not believe membership of the campaign was incompatible with their membership of the Government, but they agreed that they would be subject to normal Cabinet collective responsibility.

Over fifty MPs, prominent trade unionists and others have formed the Safeguards Committee to "monitor developments within the EEC and carefully study their effects upon Britain."

Their new bulletin is uninhibited in its attack on the EEC and its policies. The declared aim of the committee is to "defend Britain's interests and our Socialist objectives in the new situation." It adds that the British people would judge the Common Market by its practical results and these would be kept under the closest scrutiny and review.

Minister rejects 5% limit study on Civil Service pension rises

BY JOHN HUNT

AN ADDITIONAL £180m. will have to be found during the coming year to meet the cost of inflation-proof pensions for the Civil Service and other retired public service employees, Mr. Charles Morris, Minister for the Civil Service, told the Commons yesterday.

But he rejected a demand from Mr. Tim Renton (C., Mid-Sussex) that he should appoint an independent actuary to advise on the possibility of introducing a 5 per cent. ceiling on such increases in future.

There was also a strong attack by Mr. William Hamilton (Lab., Fife Central) who described the Civil Service as "a highly privileged group of the community."

The case being put by Mr. Morris was hardly helped when he went on to give the House figures showing that the total number of civil servants had increased by 31,963 over the past year.

Mr. Morris said there were 250,000 Civil Service pensioners but only 16 of them received pensions of more than £8,500 a year. Their average pension worked out at £14 a week and this would go up by £3.50 to £17.50 a week when they received the latest cost of living increase on December 1.

There were over 1m. public service pensioners including civil servants, local government workers, ex-servicemen, teachers, MPs and others. The current annual cost of their pensions was £730m. which would rise by a further £180m. on December 1.

There were 719,145 civil servants employed on October 1 this year—540,172 non-industrial and 178,973 industrial. The total number of civil servants on October 1 1973 was 695,092 and on the same date in 1974, it was 687,182.

Mr. Hamilton told the Minister that although it was not possible to have retrospective legislation to change the pension scheme, it was a factor that should be taken into account in future wage negotiations for the Civil Service.

He pointed out that Sir Geoffrey Howe "shadow" Chancellor, had estimated that it would need a capital sum of £350bn. to meet the cost of the inflation proof pensions—a figure which was three times the total private wealth of the U.K.

Mr. Renton accused the Minister of "dodging the issue" and argued that the cost of the scheme was bound to rise as inflation continued and more civil servants retired.

Mr. Morris, replying to Mr. Renton's demand for an independent actuary, said he had no reason to believe that the advice the Government received from its own actuary was in any way open to question.

The Minister was supported by Mr. Guy Barnett (Lab., Greenwich), who said the suggestion behind the questions was "totally disgraceful."

● The decision to stop admitting students to the automatic data processing training unit of the Civil Service College in Edinburgh after next July was attacked yesterday by Mr. Teddy Taylor, an Opposition spokesman on Scottish affairs.

He described the move as "madness—flying in the face of the Government's professed policy of diversifying civil servants to Scotland."

Chrysler 'a decisive test'—MP

A STATEMENT on Chrysler was being considered with "the utmost urgency," Mr. Gerald Kaufman, Industry Under-Secretary, told the Commons yesterday.

Mr. Robert Adley (C. Christchurch and Lymington) claimed that if funds were about to be pumped into Chrysler, the Government's new industrial strategy, enunciated at the Chequers talks, of backing winners, would be "about as enduring as 'In place of strife.'"

Mr. Kaufman retorted: "You obviously have not read the White Paper. It does not refer in any way to backing winners."

Mr. John Biffen (C. Oswestry) said that the way the Government reacted to the Chrysler problem would provide an early and decisive test for the policy contained in "An approach to industrial strategy." He asked: "Will you assure us that there will be a most hard-headed test of potential profitability applied to the Chrysler problem?"

Mr. Kaufman assured him that all relevant tests would be made in "this extremely vexed problem affecting all kinds of issues."

Mr. Leslie Huckfield (Lab. Nuneaton) said that something like 70,000 jobs were at stake, together with an Iranian export contract worth something like £80m. to the balance of payments.

"Many of my constituents literally do not know if they will have a job to go to at Chryslers on January 1," he declared.

Mr. Kaufman replied that workers in Chrysler and ancillary industries were anxious for a Government statement as soon as possible. All the complexities and issues in the situation were part of the Government's calculations on this very difficult problem.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on November 24, 1975. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling	Place and Local Unit		Value of £ Sterling	Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	348 (sg)	Germany West	Deutschemark	5.305	Paraguay	Guarani	248.53
Afghanistan	Afghani	122 (A)	Ghana (S)	Cedi	2.35	P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.73
Albania	Lek	(O) 10.10 (A); (T) 23.3 (A)	Gibraltar (K)	Gibraltar £	1.00	Peru	Sol	ex/c A 91.80; (A) 91.80
Algeria	Dinar	(A) 8.00 (sg)	Gilbert & Ellice Is. (S)	Aust. Dollar	1.6159	Philippines	Ph. Peso	15.3225
Andorra	French Franc; Spanish peseta	9.02; 121.18	Greece	Drachma	72.665	Pitcairn Is. (S)	£ Sterling; New Zealand $	—; 1.945
Angola	Ang. Escudo	54.75	Greenland	Danish Kroner	12.335	Poland	Zloty	(B40.00)
Antigua (S)	E. Caribbean	4.80	Grenada (S)	E. Caribbean $	4.80	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

◆◆ Rupees per pound. Tourists visiting Sri Lanka receive a premium of [illegible] per cent.

●● A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent Regime on February 17, 1970. Recent reports suggest a rate of about 1.2718 Rh. dollars to £1.

♣ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.

(x) General rate; oil and iron exports 169.306.

(a) The Mongolian tugrik has lately been reported to stand at an official commercial rate of [illegible] Russian roubles, [illegible] calculated for the pound: £1=[illegible] marks, £1=5.06 dongs, £1=2.07 won.

♥ Information not available for this edition.

* Rate is the Transfer market (controlled).

— Rate now based on 2 Barbados $ to the dollar.

† Special Financial Rate is 153.15.

‡ Australian dollar remains in circulation.

≠ Now one official rate.

هكذا من الاصل

The Executive's World

EDITED BY JAMES ENSOR

Has capitalism a future?

BY JAMES ENSOR

'RIVATE ENTERPRISE is :wed with profound indiffer-ce by the British People." : Heath, speaking to a con-'ence of presidents and "ad-nistrative delegates" of all the jor Italian companies, in me at the week-end, really nmed up the essence of the sis which capitalist ideology :es in Europe, to-day. He nted out "In Britain, we de-nd for our economic survival the success of private en-prise. It is responsible for er 90 per cent. of our exports d provides over 70 per cent. the country's jobs."

'urther, he argued "The Gov-ment depends on the profits ned by private enterprise to for a considerable part of the t social services which it pro-es: The profits of private erprise go towards paying off losses of the nationalised ustries. And he added that 'ivate enterprise is having to more and more like an in-trial Charles Atlas" as the 'den of carrying the Govern-nt, social services and ex-ts grows inexorably.

'et private enterprise and italism, itself, finds less and support in Europe. In Italy lf, much of the weight of ellectual and political nion is moving towards the w that free enterprise is in-able of solving the very ere economic problems ich affect the country. In eden, a Social Democrat, ared of almost constant ver, is steadily pushing ough a series of industrial orms, which spell the end of litional capitalism as Karl rx or even Maynard Keynes w it.

Tenor

The tenor of the Rome con-ence, itself, which was anised by Italy's three lead-daily papers and the British npany Associated Business grammes, well expresses situation. For apart from Edward Heath, the akers who drew the most husiastic response from the lence of business leaders 'e M. Francois Mitterrand French socialist leader. Sig. Malfa the Italian socialist ty chief and Sig. Giorgio endola, a prominent figure the Italian Communist dership. The defence of italism was left to Mr. ith, Dr. Guido Carli the ex-sident of the Bank of Italy the Director General of ifindustria (the Italian CBI). Ir. Heath in a powerful and l argued speech, delivered ough a tornado of camera hlights, concentrated on the v that private enterprise was e democratic and more cient than state control.

he key remark in his ress was "The extent to ch free enterprise is laced by public enterprise public control: To that nt does the choice of a duct or the opportunity to e a choice of job diminish. And so does freedom disappear. Let us all remember that ultimately we are dealing with the free choice of a job and of purchase when we talk of the free enterprise system."

The most brilliant attack on the capitalist system was pro-vided by M. Francois Mitterrand who opened his speech with the challenge "The fundamental law of capital is the law of strength. It is as simple as that." He described the development of the capitalist system of Cognac near his own birthplace of Jarnac to illus-trate the point. "When I was born, there were 250 entre-preneurs, who had run family businesses since the industry was established by the English in the 18th century. But, to-day, there are no more than four; all the others belong to groups like Moet and Chandon, Ricard, Pernod or to English, American or Scandinavia con-cerns. The local capitalism of Cognac no longer exists."

He argued that, likewise, national capitalism is dis-apearing in the face of multinational or American capitalism, and instanced the French forging industry round his own constituency. "There no longer Schneiders at Schneider—it is owned by a Belgian group. Creusot and the others have also lost their independence."

Innocenti

The presence, outside the Grand Hotel in Rome, of mili-tant workers from Innocenti in Milan, protesting against the likelihood that they would lose their jobs through a decision of British Leyland, which bought the company four years ago from the Innocenti family, lent a poignant reality to his words.

He argued further, in words that would be familiar to Brit-ish listeners, that the stage of industrial capitalism was being replaced by banking capitalism. "Private banking groups extend their hold on the industrial sys-tem, whenever, for reasons of economic fluctuations, or the crisis of the world economy, or a shortage of money, causes an industrial concern to falter. Banking capital profits from the moment and gradually takes control."

"But whilst industrial capi-tal," he argues "tries to create new industries and introduce new products, which is the real core of the industrial world—that is not the core of banking. Banks exist not to create objects but to create capital." He ex-plained that the huge cement sector in France is now control-led by banks. "And this pro-cess leads to a formidable con-centration of power in a few hands. It is," he says "a sort of Government of the world, with extreme power held by certain groups and families, which is greater than the power held by men like Ford or Schmidt or those other political leaders whose names I cannot remember."

M. Mitterrand argued that state capitalism provides no solution to the natural mono-polistic tendency of capitalism. "For the state is practically identical to a monopoly and if capitalism has one essence it is the creation of monopoly." If M. Mitterrand, at times, sounded like an old-fashioned Poujadiste, Sig. Giorgio Amendola, the com-munist, by contrast, sounded less like a Leninist than a follower of Alfred Marshall.

"The mixed economy in Italy is very chaotic" he argued, "because it is mostly govern-ment controlled. And that is why we, the Italian Communist Party, are against nationalisa-tion and very concerned when we hear that a private company has become a part of IRI." He explained, that "so far public enterprise has not increased for ideological reasons but because of failure. In some cases, such as the Bank of Italy, they were established with the aid of foreign dollar loans."

In a statement that would have surprised a meeting of British trades unionists he said "we admit the logic of the theory of productivity at the company level. We haven't just discovered the value of profit. And we do not want a system which increases the control of industry. After all" he asked "who controls it?" And, he answered "neither Government nor Parliament."

Sig. Amendola argued that "rescuing firms on an indis-criminate basis will bring about the bankruptcy of the state." Instead he suggested "we need a system which forces produc-tivity to increase." But he added that the real problem lay in the lack of authority of the state: "Why have workers no con-fidence in the future of the Government."

He gave no positive pro-gramme for how the PCI would solve this situation, saying "You ask us, how can you guarantee that when you achieve power, you will not change all your attitudes and act ruthlessly?" And he answered grinning hugely "We give you no guarantees," but added that his record as an anti-fascist partisan should prove his dislike of totalitarian states. His most positive answer was to work through the European Parliament, where he is the Communist leader, because he felt that Europe could achieve what Italy could not in humanis-ing and saving the better features of the capitalist system while controlling the excesses.

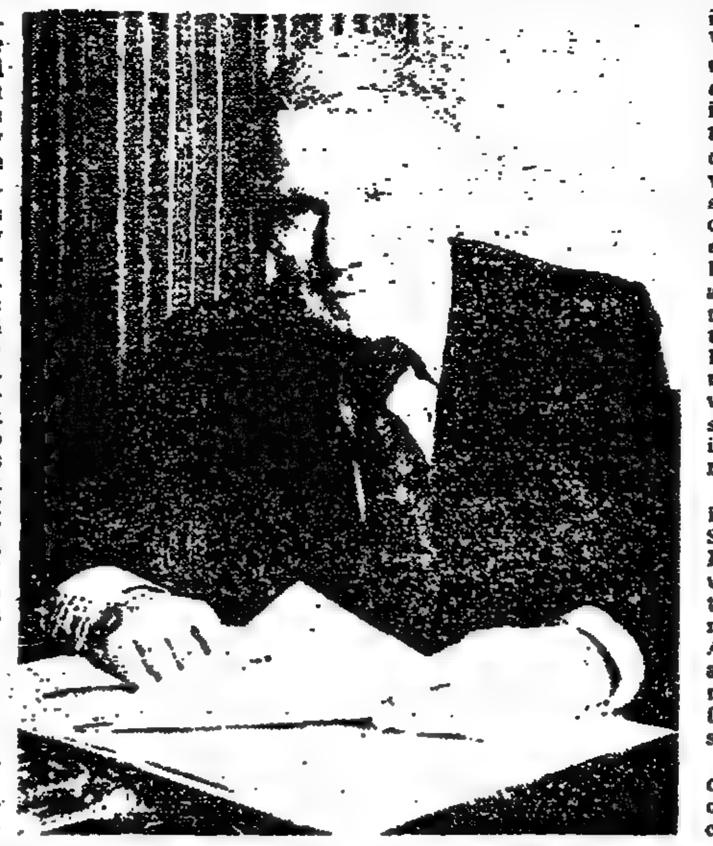
None of the other speakers seemed to have much time for the capitalism of the pre-war period. Sig. La Malfa, the socialist leader, spoke in favour of the Scandinavian experiment in "using the positive elements of capitalism, channelled to the use of society by various con-trols. Sig. Guiseppi Petrilli, the president of IRI explained that the formula implied "state ownership without damaging entrepreneurial activity."

Babcock & Wilcox last week bid for ACCO. **Keith Lewis** reports on

U.S. defence in foreign take-overs

TAKE-OVER bids by U.K. com-panies for American firms are not everyday events. And recent history shows that it still less common for such acquisitions—if indeed they actually go through—to prove of great benefit to the bidder.

The list of U.K. participants in frustrated or subsequently troublesome bid situations in-cludes some major companies. Plessey, for example, has taken years to get its Alloys Unlimited subsidiary (a 1970 acquisition) moving in the right direction. And only this summer British-American Tobacco reported that Gimbel, the U.S. stores group it bought for £75m. in 1973, is still not making sufficient profits to cover the financing charges. Burmah Oil, currently in the process of selling its North American assets, would presumably have something to say in retrospect about its $420m. purchase of Signal.



Mr. John L. King, chairman of Babcock & Wilcox

FTC

British Oxygen, which paid out $80m. for its 35 per cent. stake in Airco in December, 1973, is currently fighting a ruling that it should divest it-self of that holding. BOC has stated that if its appeal to the U.S. Federal Trade Commission fails then it will take the matter to the Supreme Court if necessary. Hawker Siddeley's efforts to take a 50 per cent. stake in Onan Corporation have met with difficulties, apparently over the details of joint owner-ship aspects of the deal.

But there are some examples of success. Hanson Trust has pulled off a number of good deals, the latest being the $36m. purchase of the specialist tex-tiles division of Indian Head. Bought at the bottom of the recession, the group is expected to recover smartly and make a handsome contribution to Hanson whose U.S. interests now make up three-fifths of total sales. Cavenham, too, has had a fair measure of success with the 51 per cent. stake it bought for $62m. in Grand Union; this investment has emerged as a major prop to the entire group. Cavenham has since moved in to take over the minority stake.

The latest company to reveal North American ambitions is Babcock and Wilcox, which last week made a $67½m. cash offer for American Chain and Cable. Not exactly unaware of the pit-falls that can befall a U.K. com-pany trying to move into America, Babcock has spent months stalking American Chain, sifting through alterna-tives and making sure the legal points have been painstakingly covered.

In all, Babcock has processed 150 American companies that were offered to it as suitable. Brown Brothers Harriman, who had already been acting as Babcock's North American financial advisers, led a con-sortium of six to eight banks—including Lazard Freres and Warburg—in search of candi-dates. The objectives were laid down: it was looking for an investment or investments in the $20-$80m. bracket: it wanted control: the likely candidate would be in the engineering sector, preferably with some connection with coal mining equipment. it wanted to avoid high technology; it did not want a company that was going to take a tremendous amount of time and effort by the U.K. Board. Babcock had also made up its mind that it did not want a high risk/high reward situation. It wanted a safe investment just as much as a rewarding one.

ACCO apparently meets most, if not all of those requirements. SEC regulations prevent Babcock from actually saying what it finds particularly attrac-tive in ACCO, but the track record does show that the American company has been on a strong recovery path since new management moved in following a sticky patch in the sixties.

Babcock has issued a 13-page document in America spelling out the bid. In U.S. fashion it contains a self-deprecatory assessment of itself. It has had to point out to ACCO share-holders that in the event of Babcock taking control the British Treasury could direct the Board to do certain things with its investment.

All the fine points of detail have been checked and U.S. pro-cedures strictly observed. Emotion does not play such a large part in U.S. bid defences as it frequently does in the U.K.—the approach is typically more professional and clinical.

The reaction to Babcock's bid—one of cold rejection combined with an ominous threat (subse-quently confirmed) to set law-yers to work studying the legal aspects of the bid—is reckoned to be fairly normal. Even the slightest legal infringement can result in an injunction and a full programme of delaying tactics.

If anyone needed to find out just what tactics can be employed an excellent model would be the recent case of Societe Imetal, a company con-trolled by the French Roths-child family, trying to take over a Pittsburgh-based company called Copperweld. The latter enlisted the aid of local politicians and organised labour. it applied for and got a tem-porary injunction to prevent Imetal from continuing with the offer; it has attacked the offer from every angle, including potential anti-trust violations; it produced evidence of a pre-bid leak; and it has quite simply rejected the offer as being in-adequate. However, after defeats in the Courts, Copperweld has now dropped legal action but continues its opposition.

Quashed

Quite often legal objections are quashed when they actually come to Court. But their real purpose is that the months of wrangling and sheer expense of legal fees combine to wear down the patience and appetite of the bidder. Bidding companies have been known to give up out of pure frustration. And that is the prospect facing Babcock at the moment.

In Babcock's case the battle lines have already been drawn. Not only has the bid been re-jected as inadequate and against shareholders' interests, but ACCO has already filed a law suit seeking a permanent injunc-tion preventing Babcock from proceeding with the offer or com-municating with ACCO share-holders. The suit alleges viola-tions of the U.S. federal securi-ties and anti-trust laws and damages are being sought.

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Brussels: 39 Rue Ducale 129037
Rome: Via della Mercede 55 .... 678 3314
Stockholm: Raalambsvägen 7, 105 17 Stockholm. Tel: 50 60 88
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
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Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Tel: 241 2920
TUESDAY, NOVEMBER 25, 1975

Definition in practice

ALTHOUGH the Department of Industry has already opened *preliminary talks about planning agreements* with the leading firms in several key industries, it does not yet seem clear either to the civil servants or the businessmen involved precisely what a planning agreement *is intended to entail or achieve.* To a large extent, of course, this is the fault of politicians, and particularly of politicians inside the Labour Party who hold a variety of mutually contradictory opinions *on the matter.* When the idea was first raised, the chief aim of the politicians was to make large companies publicly accountable in various ways for their *actions and the conformity* of these with so-called national needs; this accountability was to be the *quid pro quo* which large firms, in particular, would be *expected to provide in exchange* for the various sorts of *financial incentive provided by the* Government.

Mr. Wedgwood Benn inherited this original aim and modified it only to the extent of *combining it with that of* greater participation by the industrial workforce at all levels in the process of achieving greater efficiency. This may *seem a secondary modification:* yet, combined with what had gone before, with industrial fears that trade union participation would mean an end to *all confidentiality about future* plans, and with Mr. Benn's personal brand of enthusiasm, it succeeded in making a large part of industry intensely *hostile to any such intervention.*

New approach

It has proved to be easier and quicker to replace Mr. Benn with Mr. Varley than to redefine the concept of planning agreements or to conciliate the *Confederation of British Industry.* It seems from what Mr. Varley has been saying, and *from the paper* which he and the Chancellor presented jointly to the recent Chequers meeting of the National Economic Development Council, that he understands the part which an increase in business profitability must play in restoring confidence and encouraging fruitful investment, and that he has no intention of indulging himself in hazardous interventionist adventures. So far, so good. But, in the first place, the *Labour Government* is committed by the manifesto to produce planning agreements of some kind. In the second place, Mr. Varley has yet to convince *industry* that he is as comparatively well-intentioned as he appears.

The first issue is not one which industry can dismiss out of hand as political. The left wing of the Labour Party was quite as much offended by the Chequers statement as was the CBI, and the Government *cannot drop its commitment* to the National Enterprise Board and the introduction of planning agreements without forfeiting the support of the more *moderate members of the Party and* the TUC. What industry must do is to work with civil servants and politicians in developing a new and practical definition for the idea of planning agreements which will be acceptable to both sides and *conceivably even useful* to the country.

CBI stance

There are undoubtedly real obstacles to be overcome before any kind of planning agreement worth the name can be *hammered out—let alone the* dozen or so that the Government hopes to negotiate within the next twelve months. The most serious of these is *probably the danger that a need to* negotiate with trade union officials at national rather than plant level will not only be wasteful of time (since the *resources of trade unions are* notoriously tight-stretched) but lead to a leakage of confidential information to overseas competitors.

But there are also emotional and possibly irrelevant obstacles, such as those recently expressed by the CBI. *Certainly* planning agreements of one kind could be harmful to industry: it has little to gain from fighting the battle along *the straight political lines from* which it has only recently been diverted. Firms are now being asked by the DoI, in effect, to help work out a more effective *form of collaboration between* themselves and Government. They may have something to gain and relatively little to lose by doing so.

Going to the aid of the trawlers

THE British Government is clearly and understandably reluctant to send the Royal Navy to protect the British trawlers off Iceland. Its policy, as outlined by Mr. William Rodgers, Minister of State at the Defence Ministry, in the House of Commons yesterday, is to provide "protection without provocation." This is being attempted by the unarmed vessels already in the area. At *the same time, the Government* hopes that the British catch while the dispute lasts will be rather larger than would have been permitted had there been a new Anglo-Icelandic agreement. Iceland would then *realise that it was fighting* a losing battle and offer to return to the negotiating table.

Caution

The strategy is admirable in theory, but is not guaranteed to work. The Icelandic harass*ment has already proved* strikingly successful. A number of British trawlers have already had their wires cut, even before the cod war proper *has actually started,* and it is clear that the trawlermen, already working in extremely unpleasant conditions, are far from happy. Some have threatened to pull out, if the Navy is not quickly sent to their aid. It is a threat which the *Government can only take* seriously, for if the trawlermen do pull out, then the whole of the Government's policy falls to pieces. It would no longer be *possible to use the size of the* British catch to persuade Iceland to negotiate and indeed the whole of the British trawler industry, whose interests the *Government is out to protect,* would be in severe difficulties. Iceland, in short, would have won hands down.

On the other hand, a decision to give way to the trawlermen's demands and send in the Navy would carry with it the risk of escalation, which is precisely what the Government wishes to avoid. A British attack on *Icelandic vessels would not* necessarily compel Iceland to negotiate: it would be unlikely to evoke much sympathy for Britain in third countries such as Norway; and it *could conceivably* revive the Icelandic threat to withdraw from NATO, to which it makes an important communications contribution.

New talks

Thus if the Navy does go in—and such a move looks increasingly *likely—it will have to act* with great caution. It would also be helpful if the British Government could make it clear that it is dropping its insistence that the next diplomatic initiative is up to Iceland. This *insistence is merely depriving* British policy of flexibility without providing any assurance that the Icelandic initiative will come.

Until now the negotiations have been held within the rela*tively narrow context of seeking* an interim agreement which everybody knows will be overtaken by events when other countries follow the Icelandic *example of declaring 200-mile* fishing limits. The deadline for this is probably around the end of next year—either because the international conference on the *Law of the Sea will have finally* reached agreement by then, or because it will have finally broken down. It ought to be possible to propose to Iceland now to begin discussions on the sort of arrangements that will be necessary once the 200-mile *limits are generally in force.* They will involve all sorts of new sharing agreements not only between Britain and Iceland but also between others, such as the Scandinavians, who have traditionally fished in the North Sea. Other countries may wish to join in—Norway, for example, which has already *offered to mediate in the* present dispute. At the very *least,* such a proposal could help to end the thoroughly unpleasant deadlock.

Russia's foreign payments problems and its poor harvest could affect new Soviet economic plans. But it is made clear in Moscow that the country still aims to expand its trade with the West. **David Lascelles** reports on the policies now being considered.

Mr. Vladimir Kirillin (right), chairman of the Soviet Union's State Committee for Science and Technology and Deputy Prime Minister, in talks with Mr. Peter Shore (centre), Secretary for Trade, and Mr. Anthony Wedgwood Benn, then Industry Secretary, last year.

Trade against the grain

THE Five Year Plan for 1976-80 now being put together by the Russians is the first in the era of detente and, for that reason alone, is *likely to attract more attention* in the West than its predecessors. But it also comes at an important point for the Soviet economy and, together with other moves being considered by Russia's planners, could play an *important* part in further extending the country's growing role as an economic power and trading partner.

To-day, however, as the plan*ners apply the final touches in* their gaunt headquarters just off Moscow's Red Square, they face one problem which concerns the West more directly than *any other. This is the extent to* which Russia's bad harvests and pressing foreign payments problems will force the Kremlin to hold back its economic plans. This would, *obviously,* have internal political implications. But *it would* also have a marked effect on trade and, some believe, on detente as well.

My impression after a series of high level interviews in Moscow last week is that the Russians want to keep their economic momentum going at all costs, and that they have accepted the need for a growing *reliance on Western technology* and credits to see them through. And, though the Russians are maintaining pre-Budgetlike secrecy about their Plan, due to be *unveiled in the New Year, it is* safe to assume that a significant role for Western trade is being built into it.

Industrial imports

Certainly Mr. V. Kirillin, the Deputy Prime Minister and chairman of the State Committee for Science and Technology, predicts a continuing expansion of Soviet trade with the West and specifically rejects the idea that the burden of grain purchases would force a cutback in industrial imports.

"*There is no relation between* them," he said. "Whatever the climate does to us, we still want trade and co-operation."

His remarks come at the end of a year which saw the climate deal heavy blows to the Soviet economy. *Adverse weather* played havoc with the harvest *at least* as much as it did in 1972, while this autumn has been so dry that questions are already being asked *about the* prospects for next year.

The exact Soviet grain harvest yield will not be made known till late December, but U.S. agricultural experts expect it to be around 160m. tons (with *some privately forecasting 155m.* tons) compared with the target figure of 215m. tons. As a result, the Russians have had to buy some 20m. tons on world markets, costing them about \$3.3bn. at current prices while only making-up for less than half the expected shortfall.

Under some pressure

On top of that, declining raw material prices and the Western recession have considerably reduced *the value of Soviet* exports to the West. Returns from Russia's main Western partners in the first nine months of this year point to a *cumulative trade deficit of over* \$4bn. A surplus on trade with other hard currency partners (like Britain) and on arms sales, as well as profits from *invisible* exports (mainly tourism), will cancel some of this. Nevertheless, Western observers *expect Russia to end* up needing some \$7bn. to balance *its books* at the end of this year.

Officially, the Russians deny that they have a payments problem, and they argue that, even *if* they had, the \$10bn. offered by Western governments in subsidised credits *would see them through.* But none of these credits may be used to buy grain, and Soviet officials have acknowledged in private that their payments *position is under some pressure* and that, while no major plans will be affected, some small orders could be delayed.

So the decision to pursue an active trade policy with the West—taken, presumably, to meet rising domestic expectations—must be backed by the *knowledge that exports alone* will not finance the gap.

The Russians' main standby, *of course,* is gold. They are believed to have sold large *quantities in the first part of* this year; U.S. sources put the figure at 112 tons worth some \$600m. (against 220 tons in the whole of 1974), but others *have put it slightly higher.* The problem here is that Russia needs to sustain the value of gold at the very moment when it needs to sell in larger than *usual quantities,* and its selling has been cautious. Soviet bankers *says they* consider \$140 an ounce a realistic price under present conditions, but that it might fluctuate between \$135 and \$150 (when they would, presumably, become sellers).

At first it looked as if the Russians would run their grain deficit as a separate item on their *trade accounts* (rather like the U.K. and its oil deficit) and pay for it with gold, particularly since grain did not qualify for government credit. *But the Russians have now* approached at least two U.S. banks for commercial grain credits—though without success because of the terms they *were asking,* and the Soviet Foreign Trade Bank is believed to be preparing to send a dele*gation to the U.S. to press the* matter further.

Two classes of project

This fits in with Moscow's growing interest in credit and finance *generally.* The Foreign Trade Bank is currently raising some \$400m. in its third major loan this year, and this will bring its total publicly syndicated borrowing in less than 12 months to \$750m. Russian bankers explain that *they will continue to raise loans* for two specific classes of project—those whose production would find a ready market in the West and those aimed at import *substitution.*

Clearly, though, the Russians' ability to repay will depend on their success in exporting to the West. *And this in turn will* depend both on the quality of their goods and the health of Western economies. The new Plan is expected to lay heavy stress on improving quality (though obviously this cannot *apply to raw materials,* which account for a major part of Soviet exports to the West—the Russians can do little about the high sulphur content of their *oil, for example).*

Few deals have materialised

As for the Western crisis, officials in Moscow know full well that their own fortunes, and *even more those of other* Comecon countries, are linked with the West's and are anxiously watching out for signs of recovery. The prevailing *Russian view is that the reces*sion has bottomed out and that demand should pick up next year, but there is still concern about the unpredictability of floating currencies. The *crisis* is not, incidentally, seen as the death throes of capitalism but, as one Moscow official put it, as a sign "that capitalism has *not yet solved all its problems."* Suggestions that Moscow was giving the go-ahead *for world* revolution are absurd, it is said.

As if to emphasise their interest in the West's survival, officials speak of the need for long-term co-operation projects, *with Western companies putting* up plant and knowhow being repaid in production. Mr. Kirillin said his Government was particularly keen on Western *participation in raw material* projects, notably oil and gas and minerals like copper and nickel. So far, though, few such deals have materialised—*though some have been under* discussion for years—probably because the terms are not attractive enough.

That may explain why the *Russians are looking at new* ways of enticing Western capital and know-how. Soviet sources confirmed last week that they were examining a form of "joint undertaking" in which a Western and a Soviet *partner could invest* together and share the benefit. (They deliberately avoid *using* the word "venture" because this could imply the advanced *forms of participation being* allowed by countries like Hungary and Yugoslavia.)

The idea is that a Western company would put up, say, 50 per cent. *of the cost of a factory* with the appropriate Soviet ministry putting up the rest. *Instead of then being repaid* out of production—the procedure under a normal co-operation deal—the Western company would share in profits and, *presumably, any losses.* The details, though, are being *deliberately left vague.*

Ideologically, this idea is rather sensitive since its implementation would give a capitalist concern a direct stake in the Soviet economy as well *as the right to repatriate profits.* This *is* why its originators prefer to *describe* the concept as "co-operation for mutual benefit," emphasising that it *would give the Western company* no property rights in the Soviet Union. However, *if ever* introduced, such a scheme would mark a big step forward *in East-West commercial contacts,* while the fact that the Russians are considering it at *all suggests that they have* a great need for Western capital and know-how.

Interest in leasing

The Russians have also begun to show an interest in leasing. At *least one partnership with a* Western concern has been set up to handle this new form of trade, but deals so far have been few, limited to such things as con*tainers.*

None of this is to suggest that the Soviet Union is in a desper*ate situation or even that trade* with the West plays a vital part in its economy. The share of foreign trade in Russia's Gross National Product is less than per cent., and over half of that with other Communist countries.

Nevertheless, Western trade far more important than its volume suggests. It not only provides the new technology the Soviet economy so badly needs but *is also closely geared* to satisfying consumer needs. Vehicles, clothes, food, household goods and even leisure are all substantially dependent on Western knowhow, or equipment.

Russia's determination to *boost this trade suggests* that the Soviet economy, like all advanced economies, needs to run even faster just to stand still. The increasing cost of extracting raw materials that *lie deeper and farther away* can *only be met by using* better equipment. And the Soviet economy has probably reached the limit of what it will yield by dictatorial means.

Temporary problem

There seems no reason, either, to doubt the Russians' earnestness in wanting *to build up* far-reaching and long-term co-operation with the West. And, as they see it, a temporary payments problem should not be allowed to get in the way of their plans.

Lastly, there is the position of Mr. Leonid Brezhnev himself, now preparing for the major political test of a Party Co*gress. Apart from the* obvious link between trade and detente which is central to his policies Mr. Brezhnev is clearly overridingly concerned with main*taining economic momentum* and, more important, sophisticated enough to accept foreign indebtedness as a useful (even desirable) way of achieving that end. *Certainly the Kremlin's* speed and decisiveness in buying grain the moment a harvest failure loomed suggests that when things get tight, it is now Soviet policy to let the balance of payments rather than the population take the strain.

MEN AND MATTERS

Singer takes Giro commercial

Alf Singer (somebow no one calls him Alfred) rejoices in the cumbersome title of Post *Office Board Member responsible for Giro.* He left private enterprise as finance director of Tesco to take up this appointment in August 1973 following a successful career with that company and, previously, Rank Xerox.

He took Giro on as a challenge, and to those who know him well it is clear that he found that challenge both formidable and disillusioning. As a businessman from a highly *entrepreneurial background he* found civil servants difficult to deal with and many a government department impervious to the blandishments of joining *Giro—even though it was a* specialised money transmission service set up by the State itself.

He had also inherited a great *money-loser which at one time* tried to bring in business for around 18 months while the possibility of complete closure hung over its head and, once reprieved, got caught up in price controls. Singer at that stage was a bit out of even his depth, but he fought back. Using his knowledge of, and respect in, the retail trade he began to line up big names like Woolworth among Giro customers—proving *to people who spoke his own* language that for money transmission Giro was cheaper—in Woolworth's case to the tune of £250,000 a year.

But *such achievements* are minor when compared with yesterday's much trailered Bill and White Paper which give Giro a new capital structure—*and allow it to compete on level* terms with other banks in the provision of banking services. To Singer, never the most modest of men, neither Bill nor White Paper would have appeared in anything like their present form had he not been on the scene: and he is probably right.

"I hope these scientists aren't searching for a cod substitute."

From his comments yesterday Singer has obviously weighed in *heavily where it counts, using* his accountancy and commercial background to point out the folly of launching a venture capital scheme — as Giro *virtually was*—on the basis of totally fixed capital. Obviously too, he has made it clear that some of the past losses are irredeemable (hence the write-*offs* as well as the conversion of half the remaining debt to what amounts to publicly owned equity).

The fact that Singer regards the proposed legislation as something of his own baby could be important politically since, as he irreverently puts it, "I was appointed by the other lot." He adds also, "As far as I am aware there is no aim to *make Giro a great nationalised* bank," which could take a lot of heat out of parliamentary debate on the subject.

Benchley terrifies

The money is rolling in at such a rate and from so many directions that Peter Benchley is not sure how much he has made from Jaws, the scarifying tale of a shark which lingers around *an American coastal resort for* its daily quota of (human) square meals. He reckons that the film—on a festive note, it is due to open in this country on Boxing Day—will make him some \$3m. or \$4m. Takings in *the U.S. have* totalled over \$100m.

The book is unlikely to yield him quite so much as the film, but its success has been remarkable. Benchley was in London *yesterday* to receive an award from Pan Books to mark U.K. paperback sales of 1m. since the March publication. By the time the author stepped up for his *gold-plated statuette,* Pan was announcing that sales had reached 1,925,000.

Benchley, 35, spent most of his past career in journalism, interrupting it for two years' *speechwriting* for President Johnson. He also got out a couple of rather less noticed books, one on his personal travel experiences, the other, *for children,* about the White House.

Naturally, Benchley had to *field the "How did you do it?"* routine yesterday. Sharks, he said, had fascinated him since childhood when he and his parents would go shark-hunting. He had written several magazine articles on them and done his natural history homework *on* the subject. That was proved *when* one questioner doubted whether sharks would actually hang around picking off one victim after another. Oh yes, replied Benchley. It was rare, *certainly,* but *there was an incident* in 1916 when one shark *killed off four* people in a creek over a period of a week.

He promised the film would be "*terrifying.*" *No, he would* not take *his* young children to see it, and thought the minimum age of patrons should be 12. In Britain, children under 14 will be able to go with parental permission, if that means any*thing. Benchley was generously* unperturbed by what he called the 22 other films "ripping off" Jaws by having a similar horrific theme with other beasties. He can afford to be dismissive. Apart from the book (and there *is even a book about the making* of the film), he co-authored the screenplay and appears in the film, playing a TV interviewer.

Benchley has just finished his second novel (Bermuda treasure diving and hardly a shark in *sight),* but his fluency dried up completely when asked what he thought of the Loch Ness monster.

Double untrouble

Two trains were rushing towards each other along a *single line track at a combined* speed of 100 mph. In charge of one was a Norwegian, and the other was driven by a drunkard. But of course there was no *collision,* because as you know, Norse is Norse and souse is souse and never the trains shall meet.

Observer

هكذا من الأعلى

FINANCIAL TIMES SURVEY
Tuesday, November 25 1975

SURINAM

Surinam—the former Dutch Guiana—today becomes an independent nation. In this Survey DAVID WHITE discusses the events of the past few years, and looks at the country's political and economic future.

...Looking ...o the ...vorld ...outside

...RINAM SPENDS its first day ...ay as a fully autonomous ...te with rather less than two- ...ds of the population still in ... country. The remaining ...,000 or so have opted to hold ...to citizenship of the Nether- ...ls, and they have been emi- ...ng in increasing numbers ...r since Mr. Henck Arron's ...al-democratic coalition gave ...ce two years ago that it ...ld go for independence by ...end of 1975.

... has made it—the second of ... three Guianas to do so— ...r months of bitter political ...llock in which the opposi- ... East Indian party, which ... dominated Surinam's poli- ... in the postwar period of ...lestic self-rule, wanted no- ...g to do with independence ...ll.

...he tension, which long ...atened to break out into violence, was broken within five days of the deadline in an emotional reconciliation scene in the tiny 39-seat Staten (Parliament), with handshakes, embraces and tears that might easily have been shed for other reasons.

The differences between the East Indians and the "creole" Blacks, the two biggest pieces of a jigsaw of race groups, will doubtless continue to be a nagging factor in the nation's political life. But a smooth transition from partner-in-the-kingdom to republic is now assured. Dr. Johan Ferrier, the Governor, will this morning be elected President, a constitutional role in which he is acceptable to both sides: and a draft constitution has been agreed by Parliament, where the Government was hanging on with a one-man majority, to the satisfaction and relief of all.

Another shared satisfaction is that Surinam has had a better deal from Holland than any of the English-speaking Caribbean countries got from Britain. The Dutch are pouring in £660m. over the next 10-15 years, which must place Surinam at the top of the world's list of aid recipients per head of population. Divided up, it makes a third of the present gross national income. Another £80m. of debt is being writen off.

Surinam's own contribution to the economic outlook is a stable trade balance and an extra £20m. a year in bauxite levies, the benefits of which are already beginning to emerge in social development programmes. The country's per capita income of around $850 a year is not bad by South American standards. The population is young, the children are well schooled, and there are no beggars on Paramaribo's quiet Dutch streets.

Unfortunately, all this does not yet add up to a strong economy. Despite the emigration, which has helped a bit, probably a quarter of the working population is unemployed. The export economy is almost entirely based on one product—bauxite—and its derivatives, and the country's land resources—it is four and a half times the size of Holland—are employed badly or not at all. Surinam was colonised by sugar planters. This year, as in the years before, it will produce less than its own needs.

Resources

Although the country has ample resources of minerals, timber and usable farmland, development plans so far have been incomplete and have exhausted their undercalculated budgets. Mr. Arron's Government now has the resources to finance something better. But the outlines of Surinam's economic future — including the relationship between State, private and foreign sectors — still lack definition. There is a lot to be done in confidence-building, organising investments and organising all round, this side of independence.

It has still to be seen how the different groups will work together within the Government's plans. The divisions inherited from the colonial system are economic as well as racial—the Creoles fill the mining jobs and the overstaffed public service, the East Indians or "Hindustanis," together with the Indonesians and Chinese, make up the smallholding and commercial sectors. Add a few Amerindian tribes, Bushnegroes, Lebanese and Europeans and you have Surinam. There is no hostility in daily life, but neither is there much social mix. The possibility of conflict is always at an undetermined distance below the surface.

Bitter labour troubles which disrupted the country in 1973 are still fresh in people's minds. In May this year gangs started a series of house fires in Paramaribo, and in a wooden town there is nothing like the prospect of conflagration to make people nervous.

Then in October, with six weeks to go to independence, a kidnap attempt at Mr. Arron's home resulted in the premier shinning down a drainpipe, his wife and mother-in-law being held hostage for three hours, and the Premier making what turned out to be a mistake by attributing the whole thing to political conspiracy.

Neither Mr. Arron nor his opponent, Mr. Jaggernath Lachmon, a well-to-do lawyer who is effectively patriarch of the East Indian community, is a racist, but both rely on an electorate moved largely by sentimental and ethnic attachments. The opposition when government had Creole ministers and a Creole Prime Minister, and Mr. Arron would presumably like to follow the same example if the racial camps had not become so clearly defined that there is no Hindustani who is both suitable and available for the honour.

The opposition cites two reasons for the general loss of confidence that has swelled the number of emigrants to approaching 40,000 (one in ten) this year. One is that Creoles are held to be favoured as regards jobs, welfare and schooling, the latter being partly true because the best schools are often Christian. The other is that the Government has not demonstrated its ability to lead the country to prosperity, an impression aggravated by a confrontation between the Economic Affairs Minister, Mr. Eddy Bruma, and the East Indians over food supplies.

Migrants

But an important consideration is undoubtedly that the Dutch have leant over backwards to be, if not responsible colonisers, then at least responsible decolonisers. Though the migrants who packed Surinam's little airport for the KLM jumbo jets had often sold everything, in Holland they could expect clothing, housing, welfare and help in getting a job, all of which added up to more than a country like Surinam could ever afford.

Many obviously went without much idea of why they were going. Asked what he was thinking of doing in Holland, an Indonesian Surinamer replied: "Oh, the same as here. Grow some rice, maybe."

Now that the supply of Dutch passports has stopped, the move out of Surinam will presumably be slowed down. Many of those who left at the last minute may eventually come back, since they are not as welcome in Holland as they supposed and since the Dutch already have an unemployment problem without importing Surinam's. A survey carried out by De Telegraaf in July showed that 26 per cent. of employable Surinamers had no jobs there.

The emigration may have brought some relief to the job situation, but it has also left the country with a chronic shortage of skilled manpower and technicians. The biggest company, Suralco, was already losing 10 per cent. of company-trained people per year even before the extra flights.

The lack of skilled workers at this time could prove one of the biggest obstacles to the country's efforts to launch its first coherent development programme and secure itself a commercial role in the Caribbean and Latin American regions.

But it has an external problem, too. With independence, the crown of Orange-Nassau gives away three of its five land borders. Two of these are disputed, and the other is a roadless jungle backing on to Brazil.

The border disputes have a quaint history of unexplored rivers and diplomatic dithering but have come near to clashes in the past. In Guyana's case it involves 6,000 square miles of bauxite belt, which it says are on the Guyanese side of the true source of the dividing river. On the other side, France claims 780 miles of equally impenetrable jungle, where both countries want to explore for gold. It may well be that Surinam has to take its defence to the UN once it is adopted as a member.

The dispute with Guyana is the more serious of the two, particularly if it fouls up Surinam's relations with the Caribbean group of countries. Mr. Arron has made a commitment to closer integration with the region, and will apply to join the Organisation of American States. At present it is not integrated at all.

Outwards

The country has always faced outwards from its coastal settlements, first to Britain, then to Holland, then, with the discovery of bauxite, to the U.S., and in the last 15 years to the Common Market.

Although Surinamers are insistent that the amount of Dutch and EEC development fund aid will not interfere with the way the country develops, the European axis is bound to remain an important one. On the other hand, Surinam is too small a country to exist in isolation. The question, of whether it is a West Indian or a Latin American country is one which perhaps has to be answered, but the country is looking to its near-neighbours Venezuela and Trinidad, in particular, for the basis of co-operation.

Along with the two dissimilar countries on either side—that odd tricoloured epaulette attached to the shoulder of South America—Surinam has always been set apart from the affairs of the continent. It even looks like Holland, and it is easy to see why Dutch sailors should have felt at home along this low-lying tropical coast. On its first day of independence it still has to find a place for itself among the Caribbean countries and in South America, where working democracies are all too few and far between.

BASIC STATISTICS

Area	63,251 sq. miles
Population (1972)	384,000
GNP (1974)	S.Fls.660m.
Foreign reserves	S.Fls.208m.
TRADE 1974	
Imports	S.Fls.407m.
Exports	S.Fls.450m.
Imports from U.K.	£4.1m.
Exports to U.K.	£4.9m.
TRADE 1975	
Imports from U.K.	£4.3m.
Exports to U.K.	£3.6m.

Currency: Surinam guilder, £1 = S.Fls.3.6.

SURINAM II

Because of the country's considerable racial mix, politics have followed a varied and shifting pattern. Independence may well provide a necessary catalyst to unite all its citizens in the march to political maturity and strength.

Politics

THE 1973 elections, which took place in an atmosphere of general labour unrest, brought about three important changes *in the direction of Surinam's* politics. The first was a commit*ment to full independence*, the second a shift to a more socialistic approach to government.

Both of these fitted in with what was happening in Holland. Mr. Joop Den Uyl, the Dutch Premier, *certainly did not want* to be tagged a colonialist, and *the country's own* high rate of unemployment and economic problems made the burden of taking in more emigrant Surinamers weigh heavily. *Dutch co-operation was so great* that Surinamese ministers privately admit they wish they could have had a bit more of a struggle for independence to unite the disparate parts of the country behind them.

The third important change—and it threatened to be the most important—was that the result of the elections meant a withdrawal into the racial blocs that had formed the basis of the various political parties in the first election a quarter of a century before.

The previous election had been won by the present opposition VHP—the letters are used for Vatan Hitkary Party, United Reform Party or Progressive *Reform Party. It papered a* Cabinet together with a mixture of Hindustanis (meaning East Indians) and Creoles (city Blacks). The Prime Minister, Dr. Sedney, was a Creole. The new Government, by force of *circumstances*, was exclusively Creole and Indonesian.

Cohesion

Talking of races and talking of economic groups in Surinam is the same thing, but by whatever name their cohesion forms the force behind the parties. In this case it was the link which *made up the coalition.*

Three of the parties are Creole-based — the liberal Surinam National Party (NPS), headed by the 39-year-old Mr. Henck Arron (who apart from being Prime Minister holds the finance and general affairs portfolios and will now also be Foreign Minister), the Nationalist Republic Party (PNR), supported by many *Black students and intellectuals* and headed by Mr. Eddy Bruma, the Economic Affairs Minister, and the progressive Surinam Peoples' Party (PSV), a Catholic-based group led by the parliamentary Speaker Mr. *Emile Wijntuin.* The fourth member is the Kaum Tani Persatuan Indonesia (KTPI), led by the Minister of Agriculture, Mr. Willy Soemita.

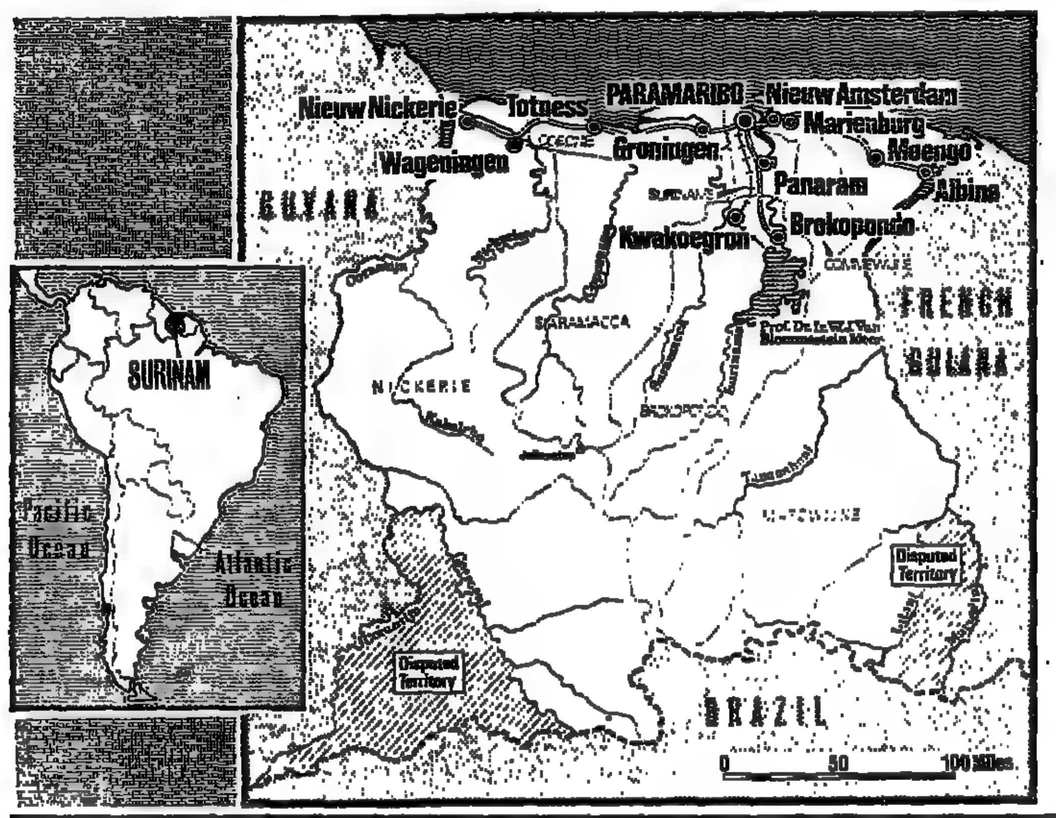
The leadership can be classed as moderate, although there is a *latent force within the move*ment that would like a frontal attack on the concentration of commercial interests in the hands of Hindustanis and foreign companies.

The split resulted in a polarity between the main party groups that for a while looked like undermining independence plans. The VHP organised on all fronts against the Government, and created a stalemate that only began to be solved last month when the entire parliamentary opposition flew off to The Hague.

The main bone was the constitution, which Mr. Arron thought could be *settled after* the independence procedures were over with. The Hindustanis wanted to make sure they were legally guaranteed a just stake in the country's future.

The VHP secured three *defectors*, and there the game began. A Creole lady MP, Mrs. Albertine Liesdek-Clarke, who was an ardent supporter of Premier Pengel up to the latter's death in 1970, took up the leadership of the splinter *wing*, made up of an influential Indonesian, Mr. Salem Somohardjo, and a Chinese, Mr. Charles Lee Kon Fong.

The defections would have given the opposition a majority in the tiny Staten (parliament) were it not for Mr. Lee Kon Fong's decision to quit politics. He went to *Colombia, to the* Dutch island of Aruba, to Holland with opposition delegations, and then resigned from the Staten.



Replaced

The score at this stage, with a month to go, was 19 all. Under the system, members who die or retire hurt are replaced by substitues, and the deputy to the job was a Government-supporting Indonesian. However, with only 19 *seats. the Government could* not make up the quorum necessary to adopt a new member.

pendence leaves a number of

The issue was finally resolved by the agreement of one of the VHP deputy leaders, Mr. *George* Hindorie, to make up the quorum and allow the Government to get its one-man majority. Mr. Hindorie was pilloried for doing so and accused of kowtowing to Dutch pressure, while it was widely held that bribery was behind *the Government defections.*

The compromise made it possible to slip through the draft of a constitution in time for independence, with minor adjustments to please the VHP.

Prime Minister of Surinam, Mr. Henck Arron (right) with Mr. Yuanto Evertz, Prime Minister of the Netherlands Antilles.

The VHP still has various demands for guarantees. It wants, among other things, a constitutional court of appeal and new electoral rules. It is also con*cerned about the racial balance* of Surinam's embryonic army, although the Government refuses to recruit on the basis of racial quotas: "Our view is that Surinamese is Surinamese, not Creole, Hindustani, Chinese or whatever."

The wearying process of all-*night debates almost up to inde*pendence leaves a number of uncertainties in the political situation to come. The political balance is held by the Indonesians, now split between Mr. Soemita's and Mr. Somohardjo's camps, although the most *in*fluential Chinese groups still *align with the Government.*

The opposition leader, Mr. Jaggernath Lachmon, 59, has secured from the Government a pledge to hold new elections within the next eight months. But it is just possible that his chance of holding a political edge has been lost in the *emigration.* "*I don't think it's* true that most of the migrants are Hindustanis," he *says.* "If it is true it is a pity."

At the last election he claims to have had support from a number of Creoles, Chinese and the now infinitesimal white population. He would, he *says, try to build another mixed-race* Government.

The main target of Mr. Lachmon's attacks is not the amiable Mr. Arron, but Mr. Bruma. He describes the Economy Minister's aims as "socialistic-communistic" and fears an attempt at nationalisation which will "ruin the country." Mrs. Liesdek-Clarke is more expressive about Mr. Bruma's "pesudo Marxist and Leninist twaddle" about gaining greater control of natural resources. "The monster in Surinam has been let loose," she says.

Mr. Bruma is certainly a very *difficult man* to deal with, but he is not a monster. Indeed his attitude on nationalisation would appear to be moderate by anything except right-wing South American standards. On the other hand the opposition *is probably right in recognising* him as the most powerful mind it has to deal with.

The focus of the anti-Bruma campaign has been the Government's intervention in the import business, a province reserved for Hindustanis and Chinese. He set up an agency *to control the import of a range* of products, mostly basic food items, the aim being to stimulate local production and at the same time reduce prices.

The move cut right into the power base of the VHP, wh draws its wealth from the m chant classes. Since the ager *was set up* there has been spate of shortages, which opposition says are caused the inefficiency of the mech ism, and which others say w artificially created.

A lot will depend now whether the Government, d pite the forces opposing it, *make economic measures of t* kind effective. It is unlikely win approval from the VI but it might do so from ordinary Hindustani who fa the same problem of infla and unemployment. Equally *lot will depend on* Mr. Arr and whether he can provide same qualities of leadership Mr. Pengel did in 1960s. Getting independence not the poltical advantage might have been, but it is s an advantage.

Though reasonably well endowed with natural resources and with a relatively high per capita income, the country's development will still need outside funds. Here the Netherlands has adopted a generous attitude.

Development

THE COUNTRY could be *cartooned as a narrow wooden* house resting on two piles, one marked "foreign aid" and the other "aluminium," with the land between them untended and overgrown and the people inside squabbling over their inheritance. It would be a shame, because by many stan*dards it is not a poor country.*

Various attempts have been made since self-rule to set the house in order, widen its base, use the land and employ the spare people. In 1955 there was a ten-year plan, followed by two *five-year plans. But a coherent* investment policy never emerged. The result has been a continuing tendency of people to accumulate in the Paramaribo area, creating housing and other urban problems, *while most of the available land* is badly farmed.

The productive sector is still largely made up of four companies, the two big bauxite concessions and smaller timber and rice operations.

Per capita

Although these give the country a fairly high per capita income rate by Latin American *standards — around $850 — un*employment has been running *at 25 per cent or more.* Government service uses up the largest number of the rest, while up to the middle of last year domestic banks were granting more credit to commerce than to the whole of the productive sector put together.

The Government coalition which came to power two years ago put new emphasis in social programmes and greater control of the country's resources potential. Because of the *rising* administrative overheads it has had to *resort to deficit financing* for its budget, with a projected shortfall next year of £14m. But the phase of real development planning has still to get underway.

The development "model" is largely undefined, although the Government has drawn up a framework national plan to go the 10-15 years' length of the *Dutch aid programme.*

Holland's £660m. aid is a considerable boost *to a country* the size of Surinam — divided up over ten years it is rather more than a third of the present gross national product. The bulk of the money will go directly into the development programme, with £56m. to be made available if necessary for joint ventures on a 50-50 basis between the two countries and £84m. to be held as collateral for international loans.

In addition to this, Surinam has an extra £20m. or more a year due from its extra bauxite levy, and the bonus has been set aside for special development of social benefit. The effects of *this* are already *beginning* to show in low-cost housing, health centres and other community projects.

The country's overall growth is expected to have slowed down this year after a 5.7 per cent. increase in gross national product (deflator-adjusted) last year. In previous years it had run at anything between 2 and 5 per cent.

Small industry, especially that serving the local market, *has been notoriously* slow to get going, although furniture, clothing, tobacco, spirits and other manufacturing operations have been set up over the past few years. There has been no sign of any large new invest*ment for some time.*

The Government has decided to make the going itself in two main areas, the first being agricultural development. These plans, aimed to widen the range of products in which Surinam is self-sufficient and to develop the export potential, are described *elsewhere.*

The second main focus of the *programme* is the *country's first*-ever coherent attempt at regional development. Surinam is four and a half times the size of Holland, but what growth there has been has been concentrated in the capital and the nearby mining centres. The country is now moving out to the west, where it has bauxite reserves potentially at least as rich as those in the *present con*cessions. Reynolds Metals had cold feet about the project last year, and the Government is now set to go ahead with part of its aid money. Dutch consultants and possibly Venezuelan collaboration, on developing the whole area north of the deposits.

The project includes two hydroelectric dams on a tributary of the Corantijn River, the other side of which is Guyanan territory, a 500 MW one near the Davis Waterfalls, and a 300 MW one further up river at Kabalebo. The combined power complex, which apart from powering the proposed aluminium smelter will create two huge artificial lakes, is due to be in operation some time in 1980.

The Bakhuys Mine will be linked by a £28m. railway with Apoera, a town on a navigable part of the Corantijn, within the next three and a half years, and it *is* intended that Apoera should eventually be developed *into the second urban centre* after Paramaribo. Agricultural follow-up plans to the dam projects are being worked out at the same time, and the area will have a major harbour, new housing areas and a potentially *important forestry industry.*

Other plans have been drawn *up* for selected development areas, with the emphasis on farming, forestry, mining and industry in that order, and with substantial provisions for infrastructure and social costs. The Government's Planning Bureau *reckons that investments* of £700m. spread through eight regions will create another 54,000 jobs in ten years' time, or almost half the present labour force (since Surinam has a very young population the labour force is only a little more than a quarter of the total).

Unemployed

The most recent official count of unemployed was 18,000, but before the rush to get out of the country there were almost certainly a good deal more. The situation has in fact been considerably alleviated by the exodus, although employers are *now hard put* to find skilled personnel. This in turn has helped to even out the gross discrepancies in wages, which meant for instance that an Alcoa worker received ten times the amount earned by an ordinary factory hand.

After the labour troubles of 1973 the big companies and official bodies have mostly entered into improved three-year contracts with the unions, but the number of indust disputes that go to conciliat is still high. The unions formed in five powerful cen organisations (a new one added recently). The pul sector organisation C (Centrale van Landsdiena *Organisaties) provides the n* important body of support the most radical of the Gov ment parties, the Nationa Republicans (PNR). It recently accused the CIA infiltrating the country's lab *organisations in order to def* U.S. investment interests.

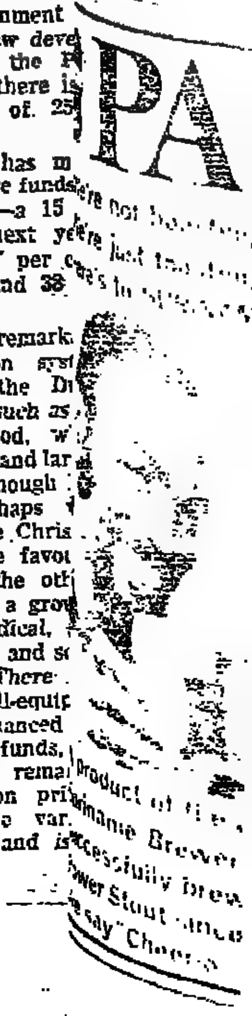
Anomalies

The Labour Minister, Frits Frijmersum, himself PNR member of the Gov ment, is pressing for a minim wage in order to overcome remaining anomalies. A la scale return movement f Holland would create a ser risk of further unrest on labour front, since the Gov ment would be hard presse find more new jobs.

Housing remains ano source of dissatisfaction, although the Government *been intensifying new deve* ment and clearing the P *maribo slum areas*, there is estimated shortfall of 25 new homes.

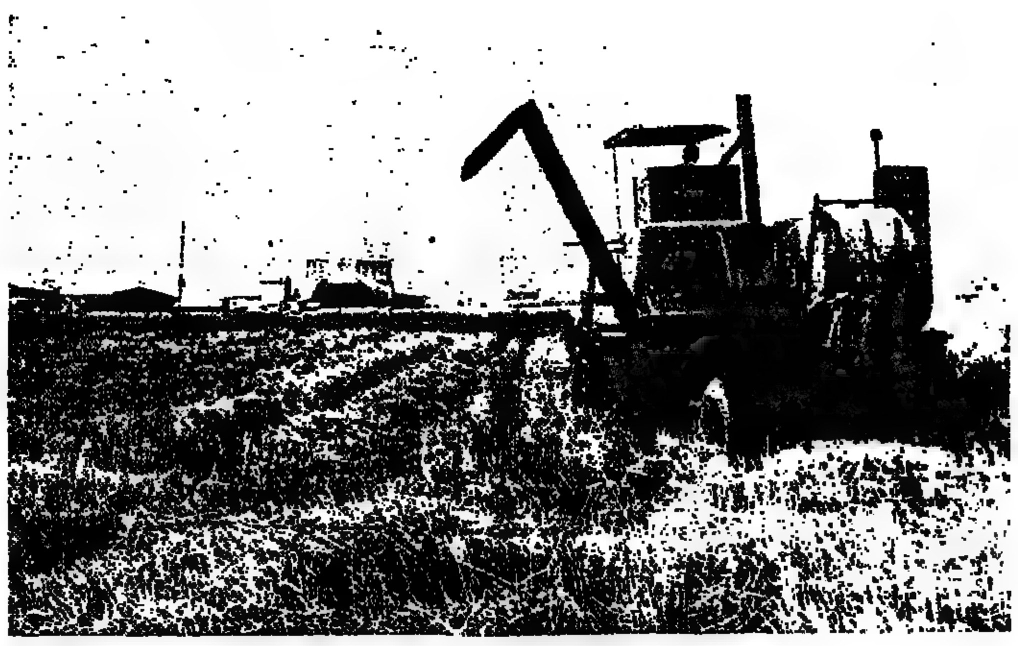
The Government has m while earmarked more funds other social sectors—a 15 cent. increase in next yea education budget, 17 per c in social services, and 38 cent. in health.

Surinam has a remark good free education syst based largely on the Du *missionary schools (such as* Moravian Brotherhood, w also set up the oldest and lar store, Kersten's), although Indians claim, perhaps justification, that the Chris (Creole) schools are favo at the expense of the oth Paramaribo also has a grow university, with medical, public administration and s *economic faculties. There* modern and well-equip medical service, financed Dutch and EEC aid funds, social welfare has remai largely dependent on pri initiative within the var racial communities, and is uneven quality.



Despite its large potential for agriculture and its small population, almost half the food the average family consumes comes from abroad although much of it can be produced within the country. The main need is for the capital to undertake the necessary modernisation of farming techniques.

Agriculture



Rice farming at Wageningen.

ACROSS THE wide, caramel-coloured Surinam River from Paramaribo, the land sinks into Dutch-style polders, with occasional stretches of swampy wasteland. A road of kitchen-gardens leads on to the small grey town of Marienburg, where Surinam has its principal sugar factory.

As is the case elsewhere in the farming regions, there are none but Asian faces to be seen, Javanese and East Indian. The farms are tiny, and many people obviously only work part-time on them. And the steam machinery at the sugar plant is inscribed with the date and place of its construction—Holland, 1921.

Domestic

With the important exception of rice, which heads Surinam's list of farm exports, agricultural activity throughout the country is still a retarded affair. Sugar was one of the original slave plantation crops, along with coffee, cocoa and cotton, but although the Marienburg operation is being updated the sugar crop of about 10,000 tons will again fall 2,000 tons short of Surinam's own domestic needs this year.

Despite its large potential and small population, Surinam is a net importer of food. Almost half of the food the average family consumes comes from abroad, although much of it—the sugar, meat, fruit, vegetables and oils—can be produced within the country. Apart from rice, the country is self-sufficient in citrus fruits, bananas and coconuts, and *exports some, but it has to go* elsewhere for basic items such *as dairy products and flour.*

New capital is being injected into the sector, and there is more on the way. The present Government has been trying to *buckle down* to the problem of food supplies, and has drawn up a number of integrated plans which it hopes will gain the necessary private financial support. A general programme of agrarian *reform* has also been mooted. "*The soil is a communal property and a fair distribution of it should be attained,*" Mr. Henck Arron noted in his inaugural policy speech as Prime Minister.

According to figures published recently by the Finance Ministry, the farm sector accounts for rather less than 10 per cent. of the credit granted in the country. Its share of exports is about the same.

The situation is usually attributed, at least in part, to the state in which the slavers left their plantations 100 years ago. The estates had declined through lack of foresight, competition from other countries, and a chronic shortage of labour. It is estimated that 350,000 African slaves were brought into Surinam over the years by the Dutch and the British, but there were only 38,000 *when slavery was finally* abolished in 1863.

Ten years later: when Holland began to replace the labour with contracted workers from Calcutta and United Provinces, *there were only* 120 plantations left out of 400.

The most positive result to come out of this process was that the Indians and later the Javanese brought with them the technique of rice-growing, which they continued after breaking *off their contracts. Rice* production has since been built up on a larger scale, and the Wageningen venture to the west of the capital is believed to be the largest rice project of its kind in the world. Nothing goes to waste, and rejected broken rice is used to help brew the rather insipid national beer.

No other branch of agriculture has met with the same success, partly because of the small size of the farms, partly because of bad market conditions (such as for balata gum, a relative of rubber now largely superseded by plastics), partly because of the poor quality of the inland soil and partly doubtless because of the lack of organisation.

However, the best of Dutch know-how is now being applied to an extensive land reclamation programme in the low-lying coastal strip. By 1985 *this should mean the country's rice-growing area will be twice* as big as it is now.

Selective

A selective development programme produced by the Central Bank's Planning Bureau for the 10-15 years of the Dutch aid programme devotes the largest chunk of its spending proposals *(about £250m.) to agriculture,* and makes the optimistic projection of 17,000 new jobs. About a quarter of the working population is now employed on the land, roughly equivalent to the number in Government service.

A dossier of special projects run by the Agriculture Ministry will take up a projected £75m. of the Government's budget in 1976-86 and give 6,000 fixed jobs, many for *those now working part-time on* the land.

This includes a further expansion of the present 130,000 tons rice output through three large-scale projects — a second one in the northwest corner of the country near Nieuw Nickerie, a follow-up programme related to the Stondansiedam hydroelectric project on the Nickerie River and an ambitious co-operative venture in the eastern coastal distict of Commewijne.

In the latter project the Government hopes to recruit support from private groups to back up its *spending of £2m.* The rice-growing part of the venture involves 237 mechanised production areas of some 30 acres apiece, with a multi-purpose co-operative organisation to deal with aspects such as irrigation and trans*port. It is also hoped to* modernise other farming activities within the area and to start cattle breeding on a moderate scale.

Another big integrated project is due to be set up at Patamacca, a forest area some 30 miles south of the principal bauxite operation at Moengo. The scheme, which will take 12 years to implement, centres round an oil palm installation, which will eventually produce *19,000 tons of oil and 4,500 tons* of palm kernels a year. Part of the 36,000-acre project area is being set aside for living quarters for the estimated 1,150 employees, including Surinamese and foreign technicians.

Efforts are also being made to stop the recent decline in exports of citrus fruit—oranges and grapefruit — most of which goes to Holland. Surinam exports about a third of its 14,000 tons production, and is thinking about a new packing *and refrigeration plant.*

A more urgent priority is cattle farming. The rise in domestic consumption has meant a rapid erosion in the country's already insufficient stock. The total herd is now about 28,000, compared with 38,600 registered five years ago.

The Government has set up a small pilot farm to test the suitability of new breeds of beef cattle, and has set aside two large tracts of land in Sara*macca province, one for meat* farming and the other for dairy. This is designed to top up a shortfall of some 6m. litres of milk a year. Dairy farming is also being encouraged in selected polder areas, along with vegetables and fruit.

The whole question of food supplies has become something of a political shuttlecock. A key part of the Government's effort to keep prices down and stimulate local production has *been its intervention,* through the CIS import authority set up by Mr. Eddy Bruma, the Economic Affairs Minister, in purchases of basic food items from abroad. This has meant a gradual change in the function of the CIS from a control to a distribution agency, cutting straight across the bows of the East Indian trading community. The East Indians have laid the blame on Mr. Bruma for a series of shortages and the consequent damage to price restraint.

The domestic market is gradually becoming more geared to domestic production in a few sectors, such as fish. Surinam has a 7,000 tons a year fishery business and a fleet of Japanese and American-owned trawlers. This has been mainly geared to shrimp exports, but the boats are *now required* to turn over one fish catch per year to the Government for distribution on the home market, replacing what are seen as unnecessary imports such as salted cod.

But the main need is modernisation and the capital to go about it. Until then, Paramaribo's main hotel will doubtless still be serving peanuts vacuum-packed in Suffolk, Virginia.

Pages IV and V of this survey carry an announcement by the Government of Surinam. Editorial continues on page VI.

The new Government is likely to maintain a liberal attitude towards foreign investment, certainly in its early days. The emphasis will be on finding investment in the sectors of the economy where it has been lacking.

Investment policy

THE KIND of uncertainty that has persuaded many of those Surinamers who can afford it to take a safe back seat in Holland while the country embarks on independence has inevitably had its effect on the business climate. The Government denies that there has been a significant drain on capital, but certainly the inflow of foreign businessmen has dried up in the last year or so.

There is still a lack of definition in the Government's policy towards foreign investment, *but the* liberal investment conditions are considered likely to prevail for the foreseeable future, the main change being a greater push from the Government towards making investment work in the sectors of the economy where it has been lacking.

Relations with the four multinational companies that account for all but a fraction of Surinam's exports remain good, despite the changeover to a more nationalist government. The word nationalisation still does not appear in the Government vocabulary.

The election campaign of Mr. Henck Arron was largely based on a pledge to secure a greater stake in the country's abundant natural resources, on and under the land. As far as the bauxite companies are concerned — Alcoa's subsidiary Suralco and the Royal Dutch-controlled Billiton—this has been limited to the agreement of an extra levy, which gives the Government an important new source of funds for its social improvement projects, and its decision to go ahead on its own with development in western Surinam after Reynolds Metals opted out because it considered the venture uneconomic.

Significantly, the Government has made no move to take up the 25 per cent. option it has in the capital of Billiton. New agreements on mine-related industries seem likely to take the form of joint ventures, such as that set up with the Canadian company Placer Development for mechanical gold mining, with the Government providing land and tax conditions in exchange for capital and technology.

Concession

Surinam is already involved in a 50-50 joint venture with the number three foreign company — the Dutch-owned Bruynzeel Houtmaatschappij Suriname forestry concern — agreed after the latter's original 25-year concession ran out three years ago. The predominant role played by this small group of companies (the fourth major one being the Wageningen rice export unit, also in Dutch hands) has been widely criticised by unionists and intellectuals, and the criticism has been magnified in the pre-independence atmosphere. But a better balance, if it is achieved, is likely to be made up largely by foreign investment.

"Though a balanced economic growth is incompatible with a reinforcement of the position of the bauxite industry," Mr. Arron said some time ago, "initiatives leading to an increase in the use of this raw material will be intensified. Thus *international co-operation* will be strongly promoted."

Agreements in this field are certain to be conditioned — as was the Reynolds project — on setting-up industrial and other facilities. "The criteria used by the Government in the selection of investors," Mr. Arron said, "will inter alia be related to their willingness to transfer their expert knowledge, to work up the raw materials in this country and to help solve general social problems."

The VHP opposition group has attacked the Government for planning "wholesale interference" in the economy and thus having a dampening effect on business enterprise, largely through its intervention in the import trade. But a study on development planning by one of its leading members, Mr. J. H. Ahdin, who was Justice Minister in the last Government, also suggests reinforcing the role of the State in certain aspects.

These include essential projects such as farming where private investment is not forthcoming but which could be hived off once they prove commercial. Public utilities should also be at least under majority control (this is the one sector where the Government has said it wants complete control, including the currently 60 per cent.-owned Energie Bedrijven Suriname).

Mr. Ahdin also refers to the big enterprises which have a major effect on the balance of the economy, in which he says the state should not only ensure strict royalty and fiscal clauses and a minimum Surinamese share in labour and management, but also at least a 50 per cent. share participation. This would seem to go some way beyond the present intentions even of Mr. Eddy Bruma, the nationalist Economics Minister. In general terms, despite the air of controversy, the two sides do no diverge significantly on the principles involved.

Pressures for nationalisation will undoubtedly persist, but leading foreign businessmen believe the Government is not ready to take on new headaches at this time.

There is no restriction on the repatriation of profits, and new investors benefit from a tax holiday of between five and 10 years, depending on the size of the investment. U.S. and Canadian companies have access to special tax rates under the Western Hemisphere Trade Corporation Act, and large investments are exempted from duties on machinery, raw materials, packaging and supplies required for expansion.

The shipping business, which successive governments have tried to expand in order to improve the country's trading position, is given a 50 per cent. reduction on income tax, and investment income on dividends and similar earnings is also favourably treated.

Why in this case has a wider range of foreign investment been lacking? The Pengel Government started up a strong promotion campaign in the 1960s, but the effort has since lapsed.

The violent wave of labour unrest two years ago probably did more than anything else to warn off potential investors in the major industries, and the Government has not yet hit upon a way of channelling private investment into small industry, except in a few areas such as clothing. The country's trade links are still basically those of the four established companies — Suralco's bauxite, for instance, all goes to Alcoa plants in the U.S.—and the domestic market is insignificant.

Fault

But one reason has undoubtedly been organisation. The various economic ministries—Development, Economic Affairs, Agriculture, Husbandry and Fishery, and Finance—share the responsibility unevenly between them. There was at one time a *Foundation for Industrial* Development in Surinam (SIOS) to promote and co-ordinate foreign investment, whose director, Dr. Sedney, later became Prime Minister, but this has been in a "state of liquidation" for several years.

If the demise of the Foundation was "the fault of some political view of some Minister of the former Government," as one official put it, no satisfactory formula has yet been found to replace it.

The Economic Affairs Ministry is now working on a propected industrial development corporation, with which it is hoped to mirror the success of countries such as Trinidad and Tobago in active recruitment of capital. The corporation would have responsibility for steering new investment into the required channels and promoting it, an activity which would require a substantial improvement in Government statistics, which are on average about a year behind. The question is how much authority such a body should be given, and that is where it runs into the tangle of political rivalries.

At present the foreign stake *is overwhelmingly dominated* by Holland and the U.S., the latter having an estimated $400m. invested in Surinam. The handful of medium-sized foreign operations includes British-American Tobacco, whose Snow Flake and other brands dominate the smokers' market.

There has been particularly active interest in forestry projects by U.S. and Japanese companies, and Brazilian interests have been discussing a stake in the Marienburg sugar industry, taken over by the Government in an effort to update it last year. But none of these has progressed beyond the initial study stage. The real impetus could come when iron ore and other minerals are proved commercial. The country has abundant reserves of sand for glassmaking, valuable deposits of kaolin lying under the bauxite at Moengo, Onverdacht and Paranam, and, although Royal Dutch Shell's 40-year Calcutta concession has not yet come up with anything, hopes of oil.

The Voltzberg which rises a sheer 400 feet above the central forest, near the Coppename River.

REPUBLIC OF SURINAM

Having been under Dutch tutelage for over 300 years, Surinam – formerly also known as Dutch Guiana – will be an independent republic after November 25, 1975.

Although this relatively small country in South America – be it almost five times as large in size as Holland – has been very loyal to the House of Orange, it has decided out of its own free will that the time has come to take matters into its own hands. In fact, it had been the former Queen Wilhelmina of the Netherlands, who in exile in London during World War II promised that Surinam would one day be able to stand on its own feet. Dutch Governments after that were as good as her words: Surinam obtained self-Government in 1954 and now, having gained sufficient experience, has been given a good send-off by Prime Minister Joop den Uyl's progressive cabinet.

A unique experience to be sure. But there are more things which make Surinam unique. Take the population, now estimated at about 350,000 – a conglomerate of ethnics brought in over the centuries from the far corners of the earth: descendants of former African slaves, of Indians and Pakistanis, of Indonesians, Chinese, Lebanese, Jews, Portuguese and Dutch colonists. Imagine the many mixtures of all these and Surinam in fact represents a world-in-miniature. With all their cultures being expressed in various ways and still with a high degree of harmony, this country-on-the-go with a parliamentary tradition of 110 years and a new constitution which provoked the envy even of some Dutch Parliamentarians, has set a course which should bring prosperity for its people within the near future.

THE PRIME MINISTER OF SURINAM H.A.E. ARRON

Young (39) and dynamic Prime Minister Henck Arron, a former banker, now heads a coalition Government composed of Christians, Moslims and free-thinkers who are all united in their endeavours to create a fully integrated nation.

Through a series of development plans since 1950 infra-structural improvements have taken place in Surinam as a result whereof the country has now entered into a new phase: large-scale exploration of its great potentials. With attractive aspects such as a pleasant climate, the absence of hurricanes and earthquakes, abundant water supplies, a young population, well organized unions, and the fact that English is widely spoken, following are some of the possibilities for new investors:

Mining

BAUXITE
Apart from the mining activities which have been going on already for over half a century, the future is sufficiently insured by large reserves in the Western part of the country which have not been tapped as yet.

OIL AND NATURAL GAS
A thorough exploration of exploitable oil and natural gas is already underway. At present offshore drillings are taking place.

GOLD
Concessions have been granted for new explorations and millions are now being poured into this venture, which will replace the old-style pannings.

IRON ORE
Iron ore reserves are estimated at a total of 7,000 million tons. They have not yet been tapped.

KAOLIN
Extensive layers are to be found under the bauxite of mines near Moengo, Paranam and Onverdacht.

SAND
In various places sand can be obtained, the quality of which is highly suitable for glass-making.

MANGANESE ORE
This ore is present in smaller amounts. A reserve of 12.5 million tons with 25%-30% manganese has been indicated.

CHROMITE FLOAT
This is present in the eastern section of the Emma chain of mountains.

KYANITE
The kyanite present is suitable for a possible production of 12,000 tons of kyanite quartzite annually.

Forestry

With 85% of the country covered by tropical forests, lumber is an important source of income in Surinam already. The potential exploitable forest area covers approximately 3 million hectares.

Although not all the trees can be used, new methods are being studied to exploit the available lumber. Since 1947 a reconstituted Forestry Service ('s Lands Bosbeheer) was set up, its main task being to take inventory of forest areas. Forestry data were compiled with the aid of aerial survey and hewn-out demarcation and access routes. The next step has been the opening up of the Northern belt by the construction of simple hard surface roads – about 230 kilometers up to the present.

In former times exploitation of so called free concessions was left to private enterprise, but lately the Government has entered into a joint venture with the largest company active in this field, with plants which produce plywood, particle board, other building materials, prefab houses and – lately railroad ties.

A study is now being made of the possibility of manufacturing pulp to be further processed for cardboard.

Naturally, the Forestry Service concerns itself also with replanting and for years already mostly pinus has been grown in the savannah belt.

Agriculture

Before slavery was abolished in 1863, Surinam had hundreds of plantations where such products as sugar-cane, cotton, citrus, coffee and cocoa etc. were grown. Many of these plantations were abandoned during the latter part of the 19th century, although farmers had been brought in from the Far East as indent labour.

As these immigrants later established many small farms, they played an increasingly important role in Surinam's agriculture as a whole.

Since 1945 some of the old plantations were recultivated and new land has been added to them with the help of the Commission for the Application of Mechanized Techniques to Agriculture in Surinam. The Netherlands assisted the Commission in implementing the Wageningen Project in the Western part of the country where some 9,000 hectares of agricultural land were exploited, mainly for the growing of rice. Wageningen has now become the largest fully mechanized rice-farm in the world.

RICE
Rice is sown and harvested twice a year in Surinam and is the main crop. Particularly in the Nickerie district it is being grown, as the Government concentrated its efforts in irrigating the polders mostly here.

In the meantime diseases and pests have also been controlled successfully and many countries have studied Surinam's rice-growing methods during the last ten years.

The construction of a special type of freshwater irrigation dam has made it possible to plant a larger area with a second crop. This dam, the so called Stondansie dam, has now reached the stage of construction.

BANANAS
Great strides have been made in banana culture, with many areas already under cultivation. During the last few years exports reached about 25,000 tons annually, with ECM countries presenting favourable marketing possibilities.

CITRUS FRUIT
The present production of oranges in large-scale agriculture amounts to 15 tons per hectare. The figure for grapefruits is about the same. Surinam citrus fruit excels in juiciness and sugar content.

OIL-PALM CULTURE
The growing demand for edible oils and fats has revived interest in the oil-palm culture.

Within a few years an area of 1,200 hectares was brought under cultivation and has proven such a success that more areas are now opened up in order to make Surinam self-sufficient in its production of edible oil and eventually for export.

PEANUTS
Peanut-growing in Surinam has up to now not taken place on a large scale. At present about 800 tons are produced per annum for local consumption – mostly by farmers of Indonesian descent. Because of rising domestic consumption and a fairly good market in the Caribbean, peanut cultivation on a large scale is well worth considering.

VEGETABLES AND FRUIT
Surinam not only produces vegetables and fruit for local consumption but also exports to Holland and to neighbouring French Guiana. Besides citrus many tropical fruits lend themselves well for export. There is room for a seed-improvement enterprise.

SUGAR CANE
The only sugar estate left in the country is Mariënburg, which with antiquated methods has been producing about 15,000 tons annually, which is barely sufficient for local consumption. There are now plans to modernize not only harvesting methods but also refining facilities. Besides sugar, Mariënburg has a rum production of about 2½ million litres annually, of which one million is being exported.

Surinam rum is becoming better known for its quality and becoming more popular.

Animal Husbandry

With large areas and grasslands available, prospects are good for cattle-breeding on a large scale. In Surinam itself there is an urgent need for well run businesses in beef and pork. Export markets are plentiful.

Poultry production is already on a fairly large scale and provides for practically all local consumption.

Fishing

Fishing has been gaining in importance and particularly fishing for shrimp has brought great results with many American, Japanese, Korean and other trawlers operating out of Paramaribo. There are modern shrimp-packing plants also.

The Government is doing all it can to improve the fishing industry by means of research into the fishing grounds, the introduction of improved techniques, loans for the purchase of gear, the construction of cold storage at different centers and by providing courses of instruction.

Surinam is one of the signatories to the 1970 Caribbean Regional Fishery Agreement, which envisages joint research work (financed mainly from the United Nations Special Fund) aimed at improving catches, methods of storage and processing, sales and the training of workers in the fishing industry. With so many streams and swamps in the country, there is a large variety of fish which supply the local market.

Communications

Surinam is served by a large number of shipping companies such as Alcoa Steamship Co., Mitsu OSK Line, Ivaran Line, Nobor Shipping Co., Vencetisar Shipping Co., Hinmelman, Caribbean Shipping Service, Lloyd Brasileiro, Kroonvlag (Suriname), Scheepvaart Maatschappij Suriname, United Fruit Co., Bookers Carifta, Atlantic Lines, Ormet Shipping Company, French Line, Booker Line, etc., etc. Most carry only freight, including bauxite, alumina and aluminium.

Airlines serving Surinam at Zanderij international airport are: Air France, A.L.M. (Antillean Airlines), Cruzeiro do Sul, K.L.M. (Royal Dutch Airlines) and S.L.M. (Surinam Airways). The latter now operates its own equipment on three weekly scheduled flights between Paramaribo and Amsterdam. There are daily flights out of Paramaribo.

Surinam's road system is confined to the Northern half of the country, since – with the exception of some Bushnegroes and Amerindians who mostly use the rivers for their travels – the Southern half is practically uninhabited. There are no connecting roads to Brazil and Surinam nor its neighbouring Guianas are connected with the Pan American Highway. The East-West highway across Surinam's coastal plains however connects the Eastern and Western borders with respectively French Guiana and Guyana (formerly British Guiana). There is a car-ferry on the Marowijne river which forms the border between Surinam and French Guiana and it is possible to travel by car from Paramaribo, capital of Surinam, to Cayenne the capital of French Guiana. There is no car-ferry as yet on the Corentyne river, which forms the border between Surinam and Guyana.

THE WATER FRONT AT PARAMARIBO

LOCAL LADIES IN NATIVE DRESS

Tourism

Surinam's policy so far has been to work steadily on the improvement of its tourism product before embarking on a large-scale promotion. Nevertheless, the Surinam Tourist Development Board which came into existence in 1953 as a result of private initiative, has been providing the necessary information through its two offices: the main office in Paramaribo and an office in New York. Its success on the local scene can be measured by the several first-class hotels in Paramaribo, a good number of restaurants with a variety of local and international cuisine, many souvenir shops selling such typical Surinam items as Bushnegro woodcarvings, Amerindian pottery and necklaces, Indonesian wickerwork, batiks and Indian copperware. There are besides many young local artists who produce paintings and sculptures which give evidence of great imagination. Jewelry stores offer a variety of gold and silver ornaments of local design.

The country's main attractions as a tourist destination are however; its sunny climate, the many cultural expressions of its multiracial population, the lush and unspoiled interior with its majestic rivers, its rainforests, its flora and fauna, the thrilling rapids and waterfalls, the primitive life of Bushnegroes and Amerindians, the fishing and hunting possibilities, and last but not least the people themselves in all their delightful racial mixtures including some of the most beautiful women in the world. Surinam has been a charter member of S.A.T.O. (South American Travel Organization) and is planning to rejoin C.T.A. (Caribbean Tourism Association), both regional organizations, and will eventually also join W.T.O. (the World Tourism Organization).

Economic Policy

The consequences of the international oil crisis, with the resulting increase in oil prices, have emphasized the need of an economic policy aimed at the development of an independent national economy. On the basis of 1971 imports which amounted to SF 237.8 million (roughly 64 million Pounds Sterling), about SF 80 million more (14 million Pounds Sterling) will have to be paid for the same volume of imports. This will certainly have a heavy impact on the Surinam economy and will have repercussions on the balance of payments, household expenses, the national budget, expenditure under development aid and the cost price of goods and services. The Government is therefore aiming at the development of a national industrial productive machinery directed at the home market as well as foreign markets.

The country's raw materials, its human energy and the capital available will mostly be utilized for the economic growth of the whole nation. This implies inter alia that in judging the destination of the country's raw materials the Government will primarily consider the view that a maximum benefit should be gained for the nation from the use of its natural resources. Only when it cannot be realized in this space of time, will the Government give foreign enterprises an opportunity to take up the exploitation of the country's raw materials jointly with the Government. Whenever necessary the Government will encourage the establishment of new industries by implementing projects itself.

When granting facilities for the establishment of industries preference should be given as much as possible to industries whose production aims at working up local raw materials into finished products.

The world shortage of energy forces Surinam more than ever to realize programs which may ensure a substantial increase in local energy supplies. The search for possibilities has in the meantime led to the decision for constructing hydro-electric power stations in the Avanavero-Kabelebo area which should produce about 800 megawatts of electricity. With such large quantities of energy available the investment climate of the country will be improved substantially. Thus international co-operation will be strongly promoted, while both in the Eastern as in the Western part of Surinam mining activities and the processing of bauxite will be stimulated by the Government.

The criteria used by the Government in the selection of investors will inter alia be related to their willingness to transfer their expert knowledge, to work up the raw materials in this country and to help solve general social problems. The Government holds the view that prices of products for local use may not be increased without its express consent.

Adequate legal regulations will be made for this purpose. Under existing laws severe measures will be taken against speculators and price pushers.

As regards foreign economic relations the Government advocates a greater directional bias of the country towards the South American continent and the Caribbean area, in order to enable economic expansion in the near future. On the other hand, Surinam will maintain trade relations with all countries which are important to fit its economy.

Education

Surinam's educational system meanwhile is being geared more to serve its own needs.
For many years already education has been compulsory for children between the ages of 7 and 12. Now it has been decided that tuition will be entirely free up to and including higher education, provided by the University of Surinam.

Also there will be more and better opportunities for technical training and not just for doctors and teachers who during the past left by the hundreds to be employed in Holland and the Netherlands Antilles.

CROP-SPRAYING

Trade Policy

Liberalisation is the general governing principle of Surinam's trade policy.

Since August 14th 1962, Surinam has been associated with the European Economic Community under the terms of the special provisions of the fourth chapter of the Treaty of Rome. Aside from the development aid which Surinam receives from the E.E.C., the country also benefits by preferential treatment of its products into the Common Market, i.e. freedom or partial freedom of duties and of quantitative restrictions. Industrial products from Surinam complying with the rules of origin can be exported freely to the E.E.C., agricultural products which are not subject to the Common Agricultural Policy (C.A.P.) can enter the Common Market duty free.

For agricultural products subject to the C.A.P. Surinam enjoys tariff reductions on the Common External Tariff (C.E.T.). The preferential rules, however, apply only if the products can be classified under the heading of "products of origin". Certificates of origin (the so-called AB-1 certificates) can be obtained at the Ministry of Economic Affairs. On the other hand the associated members are expected to extend some preferential treatment to products imported from the members of the E.E.C. although it is to be expected that this requirement of reverse of preferences will not return in the new association between the E.E.C. and the new associated countries.

All enquiries to

G. HERING
GOVERNMENT INFORMATION SERVICE,
PRIME MINISTER'S OFFICE,
PARAMARIBO
REPUBLIC OF SURINAM

Surinam is largely covered by forest but has so far failed to make proper use of these resources. Current plans aim to expand total production and to widen the product range exported. New legislation is also planned.

Forestry

MORE THAN anything else, Surinam is forest. Roughly 90 per cent. of the land is under tree cover, most of it untouched. It begins behind the narrow coastal plain where the farms and towns are situated. Forty-odd miles further south, where the patches of savannah land run out, Surinam is tropical rain forest right up to the low mountain ranges that form the border with Brazil, and there the jungle continues. With abundant river routes running straight north to the coast, the woodland would seem to be the most obvious of the country's natural resources. But three centuries of settlement have made little progress towards using it.

The big push is now coming from the Government to compensate for the lack of incentive and private initiative which has left the wood industry standing still even in a period when the *world market* would strongly favour its development.

Surinam has long been exporting wood and *forest products*—around £4m. worth a year—but total production has stagnated over the last ten years. The present output of around 230,000 cubic metres a year is, if anything, rather below what it was a decade ago, a result of unresponsiveness on the part of private industry, shortage of research and a defective legal *framework*.

Only one company has made significant inroads into the forest industry in Surinam—Bruynzeel of Holland—and it has effectively dominated the sector since the war. In 1947 it obtained a 25-year concession to exploit ½m. hectares of woodland, and special conditions to go with it. For the past two *years* it has been running a joint venture with the Surinam Government, Maatschappij tot Exploitatie van Bossen in Suriname. It is still by far the biggest producer, with an annual *output* from its sawmills of 100,000 cubic metres a year, most of it for export.

The *preponderance of one* company has undoubtedly created an imbalance within the *industry*. Partly because *of* Bruynzeel's *role*, the *royalty* requirement of a uniform 50 *Surinam cents (14p) per log* has not been modified.

A study made by the Government's *Planning Bureau ten* years ago showed that the National Forestry Service, which *dealt principally with* Bruynzeel's activities, was costing more than Bruynzeel brought in in direct earnings. At the same time, the lack of competition for labour in the forestry sector tended to keep wages below those being paid in other important sectors of the economy.

The contribution forestry makes to the national product—up to now about 3 per cent.—is due to increase sharply in the next few years, particularly if the hoped-for U.S. and Japanese ventures materialise. But the Government has shown it is prepared to make the lead, with a streamlined 20,000 tons a year experimental sawmill already in operation and another 75,000 tons one being planned. This will be the biggest working in the country.

The UN Food and Agriculture Organisation has had a forestry team in Surinam for *the past four years, and the aid* plan is being renewed for another 18 months, by which *time the first integrated projects* will have been started.

The programme mainly *involves improving the management* of forest resources, something which had been virtually non-existent (*except for a minimum* limit on the diameter of trees to be felled and the listing *of three protected species). The* new projects aim to use a smaller area, exploiting more of the wood and cutting down infrastructure costs. The FAO has also been carrying out the first inventory of forests in Western Surinam, a job which was begun in the eastern sector some 20 years ago, inland as far as the river rapids, beyond which transport *problems make* exploitation of the high forest less worthwhile.

The traditional argument against a full-scale forest industry was that the forest was too mixed and that too little of the wood was usable. Bruynzeel made the first crack in this theory when it started using a local species, the *baboen* or *virola surinamensis* for plywood. But after a while it had to import even this from Brazil and French Guiana.

The FAO has been studying six other species of potential *importance in Surinam, and has* sampled an area of nearly 5m. acres in the western region. It *is also collaborating with the* Government on new laws.

"Surinam had the second worst forestry legislation in the world after Nigeria," one forestry official said, referring to the absence of guidelines and the fact that royalty rules had not changed since 1912, when forestry was not seen as an important source of development. It is proposed now to raise the 50 cent royalty in order to back the Government programme, to gear it to volume rather than "per. log," and to grade it in such a way as to favour commercial use of the more abundant local species.

Using only the species now in demand, Surinam, *for* all its 63,000 square miles, was rapidly running out of forest, but it is *hoped* that the research programme and legal incentives will establish production, as *foresters like to put it,*" in perpetuity."

A pulp mill project is now under study, and an integrated sawmill scheme is about to be implemented. This will involve a network of small production units supplying larger mills where rivers or roads join, with these in turn supplying a central terminal.

Inevitably, with development in other sectors, the area now left as forest will be progressively reduced, particularly in the more accessible areas. But the Government now plans to use as much as it can of the wood lost—in the hydroelectric projects which will flood large *areas in western Surinam*, and in mining and farming schemes. Elsewhere forest areas will be *replanted*.

Except in some areas, where a drastic change in vegetation is likely to upset the ecological balance, the aim will be to clear whole sections at once, using as much as possible *for* saw timber and the remainder for pulp and chips, and then to replant with *a selection of the faster-growing* local species. This has the extra advantage of low felling cost.

A good deal of hope is attached to the Caribbean pine, which has already been successfully replanted in Venezuela but in which Surinam claims to be the most technically advanced. Experiments are also being made *with eucalyptus* in *new* plantation areas.

Making the most of wood *which is inferior for furniture* and veneer, Surinam is developing a machine for railway sleepers, *which it sees as stealing* that particular show when it is completed in two years' time. *This programme alone* involves eventual production of 100,000 cubic metres a year.

Forestry *men are* among the more frequent arrivals at Zanderij airport these days, but although a whole series of projects have been discussed, none has so far got beyond the study stage. Weyerhaeuser and Tacoma of the U.S. both produced plans for a pulp mill, but the projects were held back be*cause of internal* improvement programmes in the companies' North American operations. *There has also been a show of* interest from Japan.

The state sector seems unlikely to press *ahead* with a pulp project on its own, if only because of the capital investment required (*around £150m.*). It has enough other projects waiting to be implemented, which will make a greater impact on the prime problem of unemployment. One of these already going ahead with th production of charcoal—mo labour-intensive than pulp—f export.

If the lack of minerals suc as silver and phosphorus in th soil makes for poor farming, makes for good charco Surinam is now making charco with exceptionally high fix *carbon content*—85 per cent. mainly for use in the metallu gical and quality steel indu tries. *As far as anyone is awar* it is the first country to ha shipped charcoal in bulk. A *if its plans are fulfilled, it m* soon be getting part of foreign exchange from no le an *institution than the Ame* can barbeque.

A chequered history

SURINAM WAS the colony swapped by Holland 300 years ago for what is now Manhattan, then New Amsterdam. Had the Peace of Breda, which settled England's second war with the Dutch, been written the other way round the place would probably now be known as Willoughbyland, the name chosen after the first colonisation under the Governor of Barbados. The pattern of trial, error and accident has characterised the whole 300 years of foreign government.

The country is supposed to have been discovered *by lieutenants of Columbus, but the first organised* expedition was a British one in 1650. The Dutch first came in 1667, sailing up the Surinam river under English colours, and occupying the settlement. By then the English had made a pact with the Carib Indians, and Portuguese Jewish exiles had joined the moves into sugar plantation.

Finding it a problem to administer, the Dutch handed *authority for the colony over to the* West Indische Compagnie, which soon decided to sell out *one-third* shares in the risk to the city of Amsterdam *and a family concern*.

French Huguenots joined the Dutch in setting up, along with sugar, new ventures in coffee, cocoa and cotton, and the Dutch succeeded in poldering the familiar low-lying land. Throughout the first half of the 18th century the colony thrived on the basis of African slave labour, and the records suggest they were treated with exceptional cruelty.

Around 1750, things began to go wrong. Thousands **of slaves had escaped, some had revolted, and camps had been set up in the inaccessible bush from which periodic raids were mounted on the food stores. The colony came back under direct Dutch control. Then the wars intervened and Surinam was handed back and *forth* between 1799 and 1814, when it returned for the last time to Holland. But the problem of the leakage in the slave system had still to be resolved.**

Slave traffic, already legally abolished, was coming slowly to a halt around that time, and there was no new source of labour although the local Indians were also forced *to* work on the plantations for a time.

An attempt was made to rejuvenate the plantations **by contracting Chinese labour, without much success, and in 1863 the slave system was closed down for good. *Some of the freed slaves tried cocoa and coffee farming*, but other countries had already secured the market and they nearly all drifted with the others into the urban area where nearly all the Creole population *still* lives.**

Ten years after the Dutch abolition law, the first shipload of demoralised and syphilis-ridden contract labour of Hindus from the United Provinces came to work the plantations. Altogether 34,000 were brought in, followed by a slightly smaller number of Indonesians, who kept arriving up to the Second World War.

The plantations had already declined beyond rescue and the Suez canal had opened up more profitable trade routes. There was a brief rush for gold and then balata gum, but the main balata company filed for bankruptcy in 1931. By this time, however, *Alcoa's bauxite operation had come into its own*, and has been responsible for carrying the country into its second period of relative prosperity.

The EEC, with which Surinam has had an association agreement, is a growing market for the country's products. Trade with the US has fallen off, and attempts to forge closer links with Caricom countries are only making slow progress.

Trade relations

AS AN independent state, Surinam now has to change its membership card as an associate of the EEC. As long as it manages to keep the tone of its territorial differences with France down, re-association should be a formality. And if there is one item on which the main political parties agree it is that links with the EEC, first established in 1962, are a good thing.

The agreement steered the country's commercial relations away from what was rapidly becoming a single track—the U.S. When Alcoa started mining bauxite in 1916, the U.S. began to take over the predominant role in Surinam's external economy. It still has it, but in the last 10 years its share of Surinam's exports has been cut back by more than half from 75 per cent. to 35 per cent. and its cut of the import market from 40 to 34 per cent. *Most of this is accounted for by* the growth of EEC trade, as well as a larger intake of raw materials from Trinidad and other parts of the Caribbean.

There are now a series of factors which point to *further* important changes in trading patterns. One is Surinam's desire to reduce *its dependence* on the bauxite and aluminium industry, which has been *accounting for over 90 per* cent. of total exports, a desire which has no doubt been increased by the current depression in the aluminium market and the serious effect this will have on trade figures this year. On the other side of the balance it wants to reduce its dependence on imported food and raw materials, many of which can be grown in the coastal areas. It is reckoned that some 43 per cent. of all consumer items are imported. Building up local industries on a practical scale will mean finding new markets outside.

On a theoretical level it is committed to finding these *markets in the Caribbean* and Latin America, itself belonging in a somewhat undefined position between the two, but the first real steps in this direction have still to be taken.

According to at least one senior Government official, Surinam is less than convinced about the future of the Caribbean common market Caricom as a means of economic integration in the region, and will cultivate its interests on a bilateral basis, particularly with the oil-producing states Venezuela and Trinidad. Talks are understood *to be going on* between Surinam and Venezuela on joint exploration of the Bakhuys bauxite deposits, the key part of the country's first real regional development programme. Under the proposal, a large part of the bauxite would be exchanged for Venezuelan oil.

Although Surinam's consumption is relatively small, the rise in oil prices accounted for half last year's 52 per cent. increase in import costs.

Further co-operation with Guyana would seem unlikely, although—or rather because—the two countries are neighbours. The border question seems set to drag on for some time, and trade between the two *countries adds up to less than* £1m. a year.

There is as yet little connec*tion with the other neighbour*, Brazil, although Government planners are quite excited about *potential spin-offs from Amazon* development. Passenger transport between the two countries, which in the absence of any sea, land or river link depends on one of Brazil's less efficient airlines, was in fact completely suspended for several months before being recently restored to one flight per week.

Hope is also being held out for resuming trade with Cuba, which, while Batista was still in power, was the first customer for Surinamese plywood exports.

The two prinicpal obstacles to closer regional integration, as far as *Surinam* is concerned, besides political manoeuvrings, are the duplication of similar *goods—the Caribbean area has* a surplus of bauxite and many farm products—and transport.

MAIN TRADING PARTNERS (1973) IN % OF TOTAL

	Exports to	*Imports from*
Netherlands	12	24
West Germany	14	5
United Kingdom	3	5
Total EEC	34	38
United States	35	34
Caribbean region	5	18
Remainder	26	10

(Based on Central Bank figures)

Efforts have been under way for some time to build up the country's own shipping fleet, including tax incentives, but it remains weak.

The pattern in the country's balance of payment has been remarkably stable in the course of the past few years—a small but regular surplus on trade, which is almost entirely conditioned by bauxite, a deficit on services and on the total current account, offset by a surplus on capital, the largest chunk of which is made up by aid.

Domestic consumption and the oil crisis has made for an erosion of the trade surplus *since 1971, although last year* it was still £13m. clear. This year's will inevitably be affected by the drop in bauxite and aluminium sales.

Government officials do not, however, regard the running current account deficit (£10m. last year) as a matter of serious concern, and point to the 50 per cent. rise in the Government's reserves of gold and foreign currency in the last year as a sign that the balance of payments is not in disequilibrium.

Last year imports increased in value by 52 per cent., com*pared with a 43 per cent. rise* in exports. This meant a drop in the trade surplus to S.Fls.43m., *roughly half what it* was four years earlier. The picture is none the less remarkably *steady when* compared with most other countries in a similar stage of development. *Prospects for the next few* years depend largely on how fast the Government can get new agricultural and mine projects under way, as well the behaviour of the baux market. But with a new boo to farm output, Surinam h hopes of reinforcing its trad surplus with Europe, as well cutting items such as sug meat and vegetable oils fr its import bill. On the oth hand, it will mean spending good deal more on equipme than it has in the past.

Intervention in imports the Government's Cent Incoopbureau Suriname (CI is seen less in the light of t trade balance than as an eff to stimulate local producti and keep down inflation. T CIS has been made responsi for a wide range of essent imports, which it distributes pegged prices, while a num of other food items which ov lap with domestic merchand are prohibited. As part of t same campaign, the Governme now requires Surinam's expo oriented rice growers to ma two-thirds of their producti available for consumption home.

Inflation was running around 20 per cent. up to t end of last year, and t Government's success in keepi down the effects of import price increases through t import measures is hotly c tested.

Although not linked to t Dutch guilder, the Surina currency—with its characteris square nickel pieces—is one the more stable ones in Sou America. Surinam has be issuing currency for 110 yea (through the Surinaamse Bank, now a *straightforwa* commercial bank affiliated Algemene Bank Nederland, *national function having be* taken over by the Central Ban The guilder, which was ma *independent of the Dutch* p in 1940, has in recent mon been subject to a limited bl market operation owing to high demand for fore currency to take to Holland.

The many faceted face of Surinam includes a racial mix of Javanese, Caribs, East Indians, Bush negroes and Levantines with a European element. There has been a vicious circle of emigration to Holland which has bled the country's talents.

Varied peoples

HE STATUE of Kwakoe the reed slave has been through arious changes of clothes in he past few weeks. Head-carved Creole women have een decking him in new colours ver since it began to appear hat the *winti* or ghosts were orking against the day when urinam would be *fri*.

That is one barometer of the eneral mood. Another is that e Chinese, a minority mer-hant class which has always ended to get along quietly with verybody else, have started oining the exodus to Amster-am, the Hague and Miami.

The Javanese, too, the most ecent arrivals, who make up e third largest racial group, ave begun to follow the xample of the East Indians and aken the "road to Holland" - the long lowland route to anderij airport — in large roups. But from now onwards ose who leave will have to ke a return ticket. For many, e sale of belongings will not retch that far.

Velfare

It is a vicious circle — the ore who leave, the more who ve doubts about how Surinam ll fend for them. For many is simply a question of keep-g open the comfortable option Dutch welfare, just in case. hey may come back, but if not ere are lots of relatives wait-g to join them.

The freedom banners and the on signs giving the day-to-day untdown to independence ve tried to instil something e a national spirit. A cinema Nickerie has been exhorting st Indians to see its "great dependence film." The subject "India against England."

With a week to go, the only al sign of a carnival atmo-here was brought by a rum-stious calypso singer from inidad, Mr. King Fighter who had composed a paeon to the nationalist leaders:—

Long may they live to lead everyone.
Mr. Brumas and Mr. Arron.

* * *

The new national flag was kept to the last minute. The designs, three different ones, had been ready for some time, but since it was inevitable that the opposition would oppose whichever one was chosen they became the country's first national secret. For a while it was even rumoured that the old flag — five stars in different colours for the main racial groups, against a white background and linked with an elliptical black line — would be used for independence and the new one slipped in afterwards.

When the design finally came out, red with white and green bands at the top and bottom and a big gold star in the middle, nobody could help noticing that it contained precisely the colours of the four coalition parties. The Vatan Hitkary Party's is orange, like the Netherlands royal house (its leader is sometimes referred to as "Lachmon of Orange"). Photographers were kept away from the flag as long as possible to keep back the inevitable objections.

The £450,000 celebration was marked by other eleventh-hour uncertainties. Full-page advertisements appeared in the three Dutch-language newspapers (Surinam also has two Chinese newspapers) appealing for private cars to be leased to the government after it was found that official transport would not stretch. A banner went up offering free petrol for entrants in the independence motor-boat race. The Independence Hotel appeared to be losing its race for completion in time to house some of the official guests. Guests in the luxury hotel next door were told to check out a week ahead in order to make room, including long-term residents such as the KLM manager. The hotel's pianist was left arguing about his contract.

* * *

The man responsible for a smooth transition ceremony was Colonel Eric Hefford, a former British soldier and now a free-lance organiser who has already seen eight African and Caribbean countries on their way. After Surinam, the first non-British country he has tackled, he has accepted a contract for the Seychelles independence in six months' time. "It's all basically the same," he said, "but each country likes to have its little differences." The colonel went down a treat with the Dutch journalists. Various hitches arose in the ceremonial plans, such as a delay in permission to use university premises. Details of seating arrangements were fixed in long sessions with the Prime Minister — "but in Surinam, anything can change overnight, you know that," Colonel Hefford warned.

* * *

In Nieuw Amsterdam, a few miles across the river from the capital, the Government's "election caravan" came at dusk to explain the details of independence. Small farmers and their families had been told to wait outside their homes for the bus to round them up and take them to a local hall that serves as church meeting place, schoolroom, cinema and bar. Many of them were there well beforehand, almost all Indonesians, some of whom must have been among the original contracted immigrants, hollow-cheeked old men, tired children. They all sat in silence while the constitution was explained to them, first in Dutch, then in Sranan Tongo or takkie-takkie, a kind of Anglo-Dutch mixed with African words that serves as lingua franca, and finally in Indonesian. When the audio-visual equipment failed to work, they drifted away back to their farms without any particular show of reaction. The only East Indian present did good business selling flavoured ice.

A Javanese dance group.

* * *

It would be hard to find a more striking mixture than in Surinam. A new arrival among the Dutch-style houses with Chinese, Indian, and Lebanese name-boards might wonder where he was, lighting on the settlements with French names like Ma Retraite, where people speak a kind of English. Up the river from Paramaribo there is another settlement called La Liberté, and across the river another called Tout lui Faut.

In Surinam they drive on the left, a fact which is due either to the nearness of Guyana or to the intermittent periods of British rule during the Anglo-Dutch wars. None the less, almost all the cars, imported from Europe, the U.S. and Brazil, have left-hand drive; the Opposition wants to drive on the right.

The Dutch have bequeathed some distinctive characteristics, including the architecture and the quaint European street names such as Maiden Street and Petting Ditch, which in fact face each other across one of the busier squares. But the English language plays a strong unofficial role, and the advertising industry uses Dutch, English and takkie-takkie indiscriminately.

"It's hard," a civil servant busy with the independence celebrations explained, "being a small country with a language no-one speaks."

* * *

In a sense there has been an independent Surinam nation for more than 200 years—the Bushnegroes, the one racial group that is distinctively and uniquely Surinamese. Runaway slaves, who in some cases had staged full-scale revolts against British and Portuguese planters and later plagued the settlers with spasmodic raids, were granted a form of autonomy under a peace treaty signed with the Djuca tribe in 1761.

Unlike the Jamaica Maroons, the Bushnegroes have preserved their African religion, arts and customs from European influences. Living in small settlements along the rivers in the centre and east of the country, the tribes are still organised according to matrilinear rules under which the first son of the eldest sister has preference to succession as chief.

A paramount chief or *Granman* is chosen from among the different tribes, a life appointment sanctioned by the Government in Paramaribo which recognises the Granman's role as official representative.

Numerous

The tribes, much more numerous than the Carib, Trio and other Indian groups, are now divided into four main entities, the Saramaccaners, who are about 16,000 strong, the Aukaners, Paramaccaners and Matuariers. The total is reckoned at about 60,000, of whom half have been absorbed into the urban community. The remainder, though reached by health services and mission schools, live at subsistence level from hunting and what they can earn from their intricate, symmetrical woodcarvings.

Bushnegroes are now campaigning for a new deal with the independent Government, reinforcing their old land rights under the new constitution. The Progressive Bushnegro Party, at the time of full independence, is siding with the opposition.

* * *

The word for Bushnegro in Dutch is "Bosneger," which is presumably the derivation of the words "Boss Nigger" painted on the side of one of the ubiquitous ice-trolleys, made of boxwood and bicycle wheels, on a main Paramaribo street. But it caused at least one American visitor to stop in his tracks. "They sure don't have any complexes," he said.

Bauxite is a dominating influence in the economy, accounting in 1970 for 90 per cent. of exports, 30 per cent. of Government revenues, 31 per cent. of GDP and 20 per cent. of private investment. A Government levy set in 1974 has done much to still criticism of the role of the big extracting companies.

Bauxite riches

HREE NEW factors have anged the picture in Suri-am's all-important bauxite in-stry in the past year. One as a new Government levy set the end of 1974 and expected double the State's income om what has for the past 50 ars or so been the country's incipal economic activity. hen there was the sharp ecline on the world market. inally there has been the celerated exodus of skilled orkers, a trend which reatens to leave the industry ort of manpower by the time e market recovers.

Despite all this, the situation the two multinational com-anies that run the bauxite and uminium operations still ppears secure, despite con-uing pressure from the rongly organised trade unions r greater national control.

The industry is divided up tween Suriname Aluminum ompany (Suralco), a wholly-ned subsidiary of Aluminum ompany of America (Alcoa), d Billiton, part of the Royal utch/Shell group. Suralco as slightly the larger share. eing the oldest concession, uralco enjoys a privileged osition, and is the country's ghest-paying employer and iggest foreign-exchange earner. ince 1958 it has been operat-g an agreement with the overnment under which it is sponsible for the Afobaka droelectric installation on the uriname River, which was one f the major development pro-ects.

To give an idea of the fluence the two companies xercise in the country's conomy, the World Bank esti-ated in 1970 that between em they accounted for 91 per ent. of commodity exports, 30 er cent. of Government evenue, 31 per cent. of gross omestic product and 20 per ent. of total private invest-ent.

For a long time Surinam was he second most important ource of bauxite after Jamaica, lthough it has recently been vertaken by Australia. Last ear it exported nearly 4m. etric tons of bauxite ore, 1.1m. tons of alumina, and 84,000 tons of aluminium—the bauxite and alumina entirely to the U.S. and Europe. Alcoa relies on the Surinam operation for about 30 per cent. of its total supplies.

The new levy has served to calm some of the stronger feelings about the relationship between Surinam and the bauxite companies, and the bauxite companies have taken it calmly. The move followed extensive consultations, and was tailored to the kind of conditions already set by Jamaica and likely to be standardised anyway if the plans of the newly-formed International Bauxite Association are carried through.

The obvious benefits to Surinam are such that even the Opposition, which sides with foreign business on most things and with the Government on very few, is openly happy about it. The levy, based on real price levels in the U.S., was backdated to the beginning of 1974, giving a bonus of about £36m. this year. The Government has promised to devote this money to socio-economic projects such as housing, medical facilities, and community centres.

Income

In the future Government income from bauxite is likely to be about twice the previous level of around £20m. That is, assuming there is no further stagnation.

Suralco, in line with Alcoa's other international operations, has cut back production to 74 per cent. of capacity at its Paranam and Moengo plants. Already last year there was a sharp cutback in alumina exports, while both bauxite and aluminium shipments have shown little change over the past five years. The company's sales in the first nine months of this year were S.Fls.1.73bn. compared with S.Fls.2.05bn. in the same period of 1974.

Suralco's shipments of aluminium, which it produces at its Paranam smelter just south of Paramaribo, have been running at less than half last year's rate, which was already fractionally down on 1973. Company figures up to the end of last month show exports at a mere 17,700 tons—a rate the company had already surpassed in its second year of aluminium production nine years ago. Bauxite exports from Suralco are running at two-thirds of 1974 levels.

Overall industry figures for the first half year show a similar decline—1.48m. tons of bauxite exported and 12,400 tons of aluminium. Alumina is the only item on the increase, after a sharp drop last year. Suralco's shipments have already reached the total for 1974, but it is only a relative improvement.

Because of pressure from the unions, allied with the nationalist PNR party in the governing coalition, and from the Government itself, Suralco has not yet laid off any of its workers, although it is able to take advantage of a high turnover rate.

This rate has been around 70 a month out of a total workforce of 4,800, and company officials estimate that 10 per cent. of Suralco workers emigrate annually. The attrition means a severe reduction in the number of company-trained operators and technicians, who are able to earn between £60 and £120 a week, several times what many other industrial employees receive. However, the demand for skilled people has tended to level out the discrepancy and strengthen the union's position in collective bargaining.

It is hoped that some of the emigrant workers will return from Holland after independence, or at least that the outflow will dry up. If not, the mining companies will be running into genuine labour problems next year.

Investment in new installations has been indefinitely postponed, and proposed new projects involving companies such as Mannesmann have not yet materialised.

The Surinam Government, however, is going ahead with a bauxite and aluminium project in the west of the country, a concession initially earmarked for Reynolds Metals. Reynolds had made the smelter plan conditional on finding at least 50m. tons. It came up with 30m. tons, while the Government based its findings on a Dutch study indicating 60m. tons. Reynolds offered to exploit the ore without building a smelter but, since this was a main condition of the Government, chose to back out of the project in January.

By going about the project (named Grasalco from the Grasshopper Aluminium Company which it was proposed to set up) in its own way, the Government will be able to apply aid funds into expanding the bauxite industry.

At some stage the Government may also seek to use its aid funds to buy a participation in the foreign concessions, but it has made no approaches so far, despite its (unused) option to take up a one-quarter stake in Billiton.

Concession

The full extent of the country's deposits is still unknown. Suralco reckons the known reserves in its concession are good for another 25 years, and there is more to be explored, while the Government puts total reserves at a probable 700m. tons, of which 400m. are thought to exist in west Surinam. The mineral is unlikely to lose its role as the country's main source of wealth, despite Guyana's claim to part of the ore belt.

Other mineral projects are also likely to develop. Large reserves, estimated at 6bn. tons, of lateritic iron ore have been found, although an economic way of processing it has still to come. High-grade iron is also present in the south-east of the country.

Discoveries of manganese are close to reaching commercial proportions, and research is going on into copper, nickel, platinum and a number of other important ores of which there are promising indications.

Mechanical gold mining has caused a small revival in what for a long time, along with diamonds, was one of the main lures for European adventurers and speculators to the shores of the Guianas. That was a boom that never quite happened.

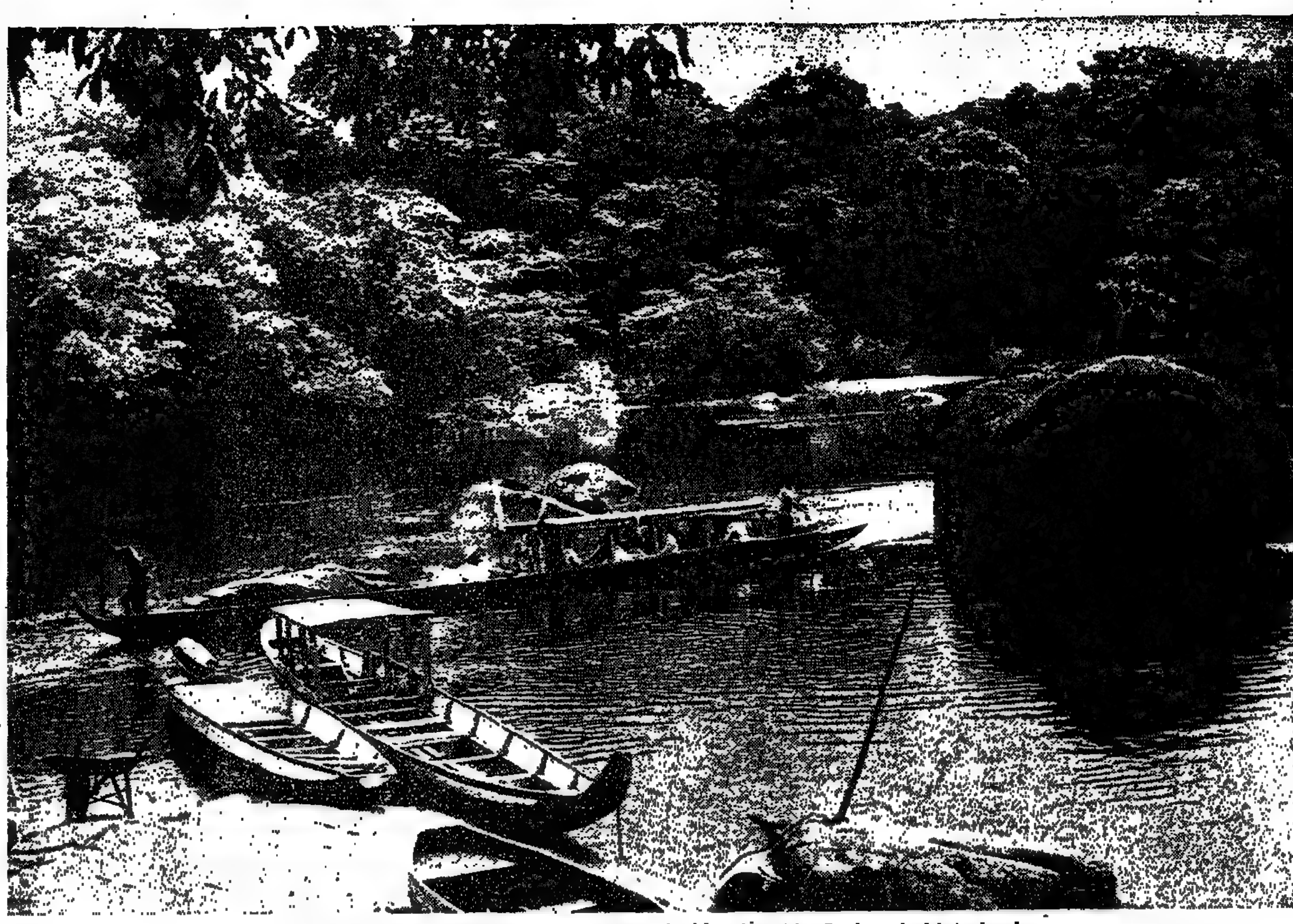
SURINAM VIII

International tourism, which flourished in the Caribbean from the 1950s, bypassed Surinam and to all intents still does. This neglect has resulted in a good many tourist gems being spared which might otherwise have been overwhelmed by a flood of visitors. Expansion of specialised tourism for the discriminating traveller may well be the area of growth for this varied and unspoiled country.

Tourist backwater

PERHAPS it all goes back to the building of the Suez canal, which put Surinam into the colonial shadows, or the nearness of Devil's Island, or the abundance of biting, sucking, stinging and flesh-devouring creatures, or just the lack of blue seas rolling on to crystal beaches, but, whatever the reason, it is one of tourism's backwaters.

International tourism, which flourished in the Caribbean from the 1950s, sought out the Dutch Antilles but passed by Surinam virtually without stopping. The country still remains without any real link with the tourist industry. Cruises look in to Paramaribo and some package tours use it in their itinerary, but few visitors go much further than the few reasonable hotels. But because of the neglect, a good deal has been spared that might otherwise have been ruined. Surinam's attractions are not so obvious, but they are rare ones.



One of the many stretches of canoe-navigable rivers in Surinam's hinterland.

Undisturbed

As a Caribbean-style beach resort there is simply too much competition. There are beaches, where the turtles come waddling up at sunset, and biologists say that the existence of coral fossils indicates that some 40,000 years ago the water must have been blue. But now it is muddy, and likely to remain so for another 20,000 years. What it does have is an area of jungle the size of Florida, most of it settled only by a few thousand indigenous Indians and un-westernised Bush Negroes, a transport system of canoe-navigable rivers and an undisturbed concentration of bird and animal life. The Government has still not decided quite how to make use of it.

Surinam does not yet risk being subjected to mass tourism, but the flow of visitors has been increasing steadily by about 10 per cent. a year. Last year 34,500 visitors came in by air (to one of those airports that must have been designed by taxi drivers, 30 miles and a £10 fare out of town), headed by a rapidly growing number of Dutch tourists. The number of Americans has remained steady at about 3,000. Arrivals by land from French Guiana on one side and Guyana on the the other probably outnumber both of these.

Few of these stay very long, except to see the cosy river port of Paramaribo, with its shaded streets and balconied wooden houses (all built on the same pattern, with a hallway running straight through from the front door to the back and a steep slate roof), and its discreet casinos. The Government is probably right to think that not many people would come specially, and the only nearby Bush negro settlement, at Santigron, is considered spoilt for tourism after a few years as a regular taxi route.

Tourist facilities have been available further afield for some time—in particular at Stoelman's Island in the Marowijne River which separates Surinam from France. But this has been badly managed and allowed to run down, while little has been done to promote the attractions of the hinterland.

A tourism promotion board, founded by private business and sponsored by the Government, has been in operation for 20 years but has had little opportunity to make any impact. Its grant was cut back by half under the previous Government to £27,000 a year.

A full budget for tourism has still to be allocated, but new projects are expected to take up £1.4m. next year. This includes recreation facilities at Stoelman's Island to back up the nature tours, and new hotels at the border town of Albina and nearby Galibi, where there is a thriving Indian settlement.

The State-run company METS is also running the first project to be geared mainly to internal tourism, at Cola-kreek, not far from the airport. The Economic Affairs Ministry meanwhile is hoping to get £800,000 from the State's extra bauxite earnings to help restore existing accommodation and set about promoting it.

But since there has as yet been only poor response from private interests, the resources are limited — and there are sharply conflicting views about how they should be used. Projects for building air-conditioned hotels near the country's beauty spots and nature reserves are being strongly opposed by another sponsored organisation, the Foundation for Nature Preservation in Surinam (Stinasu), which is running its own pilot tourist schemes.

Group tours

The Foundation is run by an Indonesian-born biologist, Dr. Johan Schulz, who has organised group tours for about 300 people in the last two years, mainly from U.S. nature organisations. He regards these first visitors as "research objects, like frogs and insects," but the response has been remarkable. Outward-bound tourism of this type, which he and a number of other people in Surinam see as the real potential is likely to set its own limit: Dr. Schulz does not foresee groups of 60 or 80 people tramping through the rainforest. But spread out through the various reserves—eight are already in operation—it will be able to absorb much larger numbers.

For the Foundation, tourism is a means of survival rather than an end, but it clearly has an appeal that runs in direct conflict with that offered by luxury accommodation, even if the latter is still within sight of the wildlife.

On the coast, the foundation runs a reserve at Wia Wia, where flamingos and ibises nest in the mudflats and sandbars. It is also an important breeding ground for turtles—Surinam is now the chief remaining turtle area in the Caribean—and the last one on the Atlantic for the Warana or Olive Ridley turtle, which navigates for thousands of miles back to this swampy north-east coast. They come there in large numbers, but their survival has been threatened by local Indians who get a good price for the eggs from the Hindu merchants in Albina. The foundation is now outbidding the merchants and employing the Indians to label the turtles before they set out on their mysterious ten-year voyages.

Surinam's Harpy Eagle which can be seen by the more adventurous ornithologist.

Bird bonanza

Other reserves with accommodation facilities are being operated on the Brownsberg plateau, next to the huge reservoir which feeds Alcoa's hydro-electric dam, and in the Raleigh Falls area further west on the Coppename River. The latter, near where the Voltzberg rises a sheer 400 feet above the central forest, has been termed by one wildlife organisation "the biggest bird bonanza in South America." Dr. Schulz believes there are no other accessible places where large birds—macaws and birds of prey, including the Harpy Eagle, can be seen in such large numbers. Mammals such as the pre-historic tapir, monkeys and jaguars can also be seen and studied in these areas, both of which are accessible by car from Paramaribo. There is a wood-burning steam train that goes most of the way to Brownsberg. Accommodation on the reserves at present amounts to 120 beds and 40 hammocks.

The expansion of specialised or "unusual" tourism may well bring better prospects for the smaller attractions in and near the capital. But at present Paramaribo counts no medium-priced facilities—and the city's reliance on imported food, plus the lack of competition among the hotels, makes it as expensive as any of the well-known Caribbean tourist spots.

Any attempt to instigate tourism on a mass scale has been accepted as unrealistic, and some think it is too late to compete in the high-luxury class. The question now is how conservation and tourism can best be made to work together, since neither seems likely to do very well without the other.

SOCIETY TO-DAY

BY JOE ROGALY

Labour's failure to win new voters

THE LABOUR Party is the outstanding failure among the ruling social democratic parties of northern Europe. There is no doubt about this. The question to be answered is not so much "is it true?" as "why is it true?" Yet Mr. Anthony Crosland did not address himself to either of these questions when he lectured on "Social Democracy in Europe" at a seminar of members of the Costa Rican Government in October. This is a pity, for of all the members of the present British Government Mr. Crosland is probably the best qualified by experience and temperament as a thinker-aloud. Sadly, the vital questions do not seem to have occurred to him: they are certainly not tackled in the Fabian reprint of his lecture, published yesterday.*

"*In practically every West European country*," says Mr. Crosland, "a social democratic party is either in power, or sharing power, or challenging hard for power." He lists Britain, Austria, Norway, Sweden, Denmark and Malta as countries in which "democratic socialists currently govern alone," with West Germany and Holland as countries governed by social-democrat led coalitions.

Except one

I have had a look at the electoral record of these countries. The figures certainly bear out Mr. Crosland's contention that "social democracy has been highly successful in mobilising political support"—*except in one country*. That country is the U.K.

The table shows what I mean. In every single one of the other countries listed, the leading social democratic party attracted more votes in the most recent general election than in the first election after the war. In Britain Labour's total vote in October, 1974, was below its vote in 1945.

No explanations, special circumstances, differing political systems, extenuating statistics, re-worked arithmetic or anything else can get around this. For all the other countries, a graph based on the record of the social democratic parties over the past 30 years would show upward curves—some steep, some gently-sloping, some smooth, some bumpy—but all indicating a general propensity for the number of voters supporting those parties to increase.

Same message

The figures vary—from the 22 per cent. rise in the number of voters attracted by Sweden's social democrats to the 148 per cent. advance in the social democratic vote in West Germany (with an even larger increase in the very special case of Malta). In different years, the scores might have been different. Support for the Norwegian Labour Party, for example, fell sharply in their most recent election. Yet the fundamental message remains the same: everywhere in continental Europe the number of social democrats has grown.

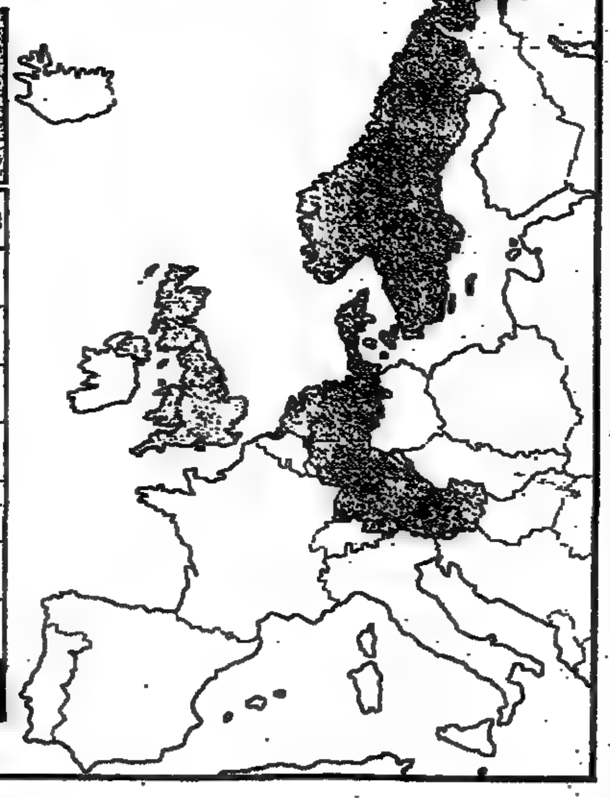
Not here. Not with our Labour Party. There may be more people of social democratic inclination, but there are not more Labour voters. The figures are quite remarkable, and they bear repeating until their meaning is understood. To be as kind as possible, I have not started with the figure of nearly 12m. for the Labour vote in 1945 recorded in several reference books but with the 11.6m., adjusted, figure to be found on page 27 of *The British General Election of February 1974* by David Butler and Dennis Kavanagh. On this basis, Labour's voting power fell by nearly 1 per cent. between 1945 and 1974—a period during which the total electorate increased by around 7m.

Nor is this a freak result. The number of people voting Labour rose to nearly 14m. in 1951—but it has fallen in every election since then with the single exception of 1966. In demonstrating its support, Mr. Crosland says, social democracy can rely on hard facts, on how people have chosen to behave. "And to a remarkable extent," he adds, "they have chosen to vote for us." This may be true of the others, but the truth about his own party is the remarkable extent to which people have chosen not to vote for it. They have kept away from the Conservatives too, but that is not the matter brought to our attention by Mr. Crosland's lecture. The harsh truth is that even though the number of voters available to be won over to Labour's way of thinking has grown every year since the war, the party has failed to hold on to its support at the polls, let alone increase it.

SOCIAL DEMOCRACY IN EUROPE

SOCIAL DEMOCRAT GOVERNMENTS

Country & Party	First Post-War Election	Most Recent Election	% Change
AUSTRIA (Socialist)	1,500,000 (1945)	2,300,000 (1975)	+53.3
DENMARK (Social Democrat)	671,000 (1945)	914,000 (1975)	+36.2
HOLLAND (Labour)	1,300,000 (1946)	2,000,000 (1972)	+53.8
MALTA (Labour)	19,000 (1945)	85,000 (1971)	+347.7
NORWAY (Labour)	609,000 (1945)	759,000 (1973)	+24.6
SWEDEN (Social Democrat)	1,800,000 (1948)	2,200,000 (1973)	+22.2
WEST GERMANY (Social Democrat)	6,900,000 (1949)	17,100,000 (1972)	+147.8
UNITED KINGDOM (Labour)	11,600,000 (1945)	11,500,000 (OCT 1974)	−0.9



The broad reason why is plain. In common with the Conservative Party, Labour has failed to govern well. This we know; the question that the party's thinkers must ask in public, and answer in public, is, "why?"

Without apparently intending to, Mr. Crosland gives some clues. His paper is, after all, the latest work of a man long considered to be a leading philosopher of his creed—the politician chosen by the Socialist International to address the Costa Ricans. He has worked hard in recent years to place himself in the centre of the Labour Party's spectrum of opinion: if this is what he says then it cannot be very unlike what other non-extremists in the party would say if they were as articulate.

Read in this light, the pamphlet can tell a great deal about the increasing division between the Labour Party and the people. Take, for a start, nationalisation. Mr. Crosland acknowledges that among the European socialist parties "the British Labour Party is unique in the doctrinal energy which it still devotes to the issue of public ownership." He relates how the Swedish party hardly touches on the matter in its new draft programme, while the German Social Democrats abandoned nationalisation in their Bad Godesberg programme of 1959, and "the Austrian Party made no mention of nationalisation in its 13-point programme for their recent—and brilliantly successful—election campaign."

He might add, although he does not, that in every opinion poll published on the subject, the British people reject nationalisation by an overwhelming majority—support is invariably well below 10 per cent. of those asked. Yet does Mr. Crosland deduce from this that further nationalisation should be abandoned? Not a bit of it. He endorses the present Labour programme (for the aircraft and shipbuilding industries), and repeats his view that State ownership can be a useful tool of policy, properly applied, and in the right circumstances. "A mixed economy is essential to social democracy," says Mr. Crosland—but he says nothing about how to maintain the mix, or even about how to halt the apparently inexorable march forward of the State sector, which the Government of which he is part is still promoting.

Union power

Or take a subject that Mr. Crosland hardly mentions—the trade unions. Here again the polls show, every time, that the public at large, Labour voters included, is increasingly worried about the growth in power and influence of trades union bosses. There is enough democracy in the ordinary British soul for people to see what is happening even if those who should lead opinion, like Mr. Crosland, decline to do so.

"Democracy to-day is under threat, as it always has been and always will be," says Mr. Crosland—but then he goes on to extol the virtues of the present wage control policy "administered in co-operation with the trade unions." This really means arranged by direct bargaining between the Prime Minister of a minority government and the unrepresentative bosses of one or two powerful unions. It is a phrase that tells most of what we need to know about the attitude of mind of so many supporters of the Government's great exercise in rule-by-back-room-arrangement. It is a phrase that should be printed at the foot of every new Bill, every White Paper, every Ministerial speech—for it tells us the danger just as much as the warning about smoking that appears on cigarette packets. "Administered in co-operation with the trade unions." Do not forget it.

Leviathan

These are just two examples of the great division between what people who are not voting Labour (but might vote social democrat on the Continent) actually want, and what the Government is offering. Another reason for the disenchantment might be the visible humbug in so much of what is said. "We refuse to accept that socialism has any meaning except within a framework of liberty for the individual . . . ," says Mr. Crosland.

This is the Minister who has overall responsibility for the Community Land Act, one of the most excessive exercises in the increase of Ministerial, civil service, and local officialdom's power undertaken for years. Never mind the purpose of the Act, the means of carrying it out —and Mr. Crosland professes himself to be as concerned about means as about ends—is to increase the very bureaucracy that he reminds us of with his phrase "endless giant Leviathans"—except that his own Ministry, one must suppose, is a benevolent giant Leviathan and therefore to be applauded.

"A framework of liberty for the individual"—this from a Minister in a Government whose trade union legislation is already creating working-class martyrs to the whims of large organisations, men who are sacked from their jobs because they prefer not to join the union they are told to belong to. It is this same Government that seeks to restore the opportunity to wield just such power over the Press, because its back-room-deal with the union bosses contains a clause to that effect. And then, to cap it all, Mr. Crosland—Mr. Clay Cross Crosland —speaks of his "profound concern" for the rule of law.

Some of these last-mentioned issues are probably not in the forefront of most voters' minds. In themselves, they would not explain Labour's failure as a European social democratic party. But, as evidence of humbug, each little piece may contribute to a collective consciousness of the kind of party the Labour Party has become.

Answer

And this gives the whole answer. Mr. Crosland at his best represents some of the finest thinking British politics can offer. His concern for the poor is genuine; his belief in equality may seem contrary to the experience of every country —socialist or non-socialist—I have ever heard of, but it is not an ignoble ideal. His understanding — his party's understanding—of our class divisions is many steps ahead of the lack of understanding to be found among the Tories. A social democratic party that (on the Left) the Swedes or (on the Right) the West Germans would recognise does exist in the hearts of such politicians.

The Labour Party's tragedy, and Britain's misfortune,—is that it is so crippled by its collectivist, know-nothing, parts that even a writer as clear-headed as Mr. Crosland has to muddy his own thought in order to stay in the movement's leadership. Our social democrats lack the ability, or the will, or the opportunity, to break free of the Labour Party. That is why they are the outstanding failure of northern Europe.

**Social Democracy in Europe. By Anthony Crosland. Fabian Tract 438. 37p from 11, Dartmouth Street, SW1H 9BN.*

Letters to the Editor

Woolly concept of profit

From Professor Edward Stamp.

Sir,—Michael Lafferty's interview (November 21) with the three accountants on the Sandilands Committee demonstrates that they still fail to grasp what it is that is wrong with the Report they signed. They have now had time to think about the deficiencies and I am surprised they try to cling to untenable positions.

It is perfectly true as they say, that I advocated the concept of Value to the Firm myself some four years ago, in a lengthy paper to a Scottish Institute Summer School, and I submitted the paper in evidence to Sandilands. In attempting, however, to translate this concept into a system of inflation accounting Sandilands makes a number of fundamental errors.

Let me give a few examples:—

(a) "Economic Value" is a wholly subjective and unverifiable parameter. Sandilands argument that it should be used when theory demands it is therefore wholly impractical. Nor are such cases likely to be rare, as they suggest, particularly in to-day's economic conditions. Mr. Chilvers has argued that economic value is being used now, in the historic cost and CPP systems. This is not so. These systems occasionally use replacement cost or net realisable value, but not economic value—because it is subjective.

(b) The Sandilands concept of profit is woolly in the extreme. It is woolly about what it is intended to include (anything between zero and 100 per cent. of "gains," depending upon the circumstances, according to para. 77 of the Report), and manifestly and palpably wrong about what it proposes to exclude (losses on holding monetary assets).

(c) On this latter point, I am quite astonished at the persistent refusal of the Sandilands Committee members to acknowledge that they are in error in not recognising these monetary losses. In an inflation, money loses value. How can a sensible system of inflation accounting refuse to recognise this elementary economic fact? The Sandilands Committee appears to believe that such losses cannot be reflected in their system because that system uses money rather than purchasing power, as its measuring unit. A simple bookkeeping exercise is thus being allowed to frustrate the recognition, measurement, and reporting of important economic facts.

One could say much more. But let me close by saying that I naturally recognise that none of the nine non-accountants on the Committee is an amateur in his own field. But they are all amateurs in accountancy, and the Report shows it.

Edward Stamp.
Director, and J. Arthur Rank Research Professor.
The University of Lancaster,
International Centre for Research in Accounting,
Willow House,
Bailrigg, Lancaster.

Right horse—wrong race

From Mr. R. Mitchell.

Sir,—In my opinion Michael Lafferty adds little to the debate on current cost accounting (November 21) by re-printing the views of the accountants who served on the Sandilands Committee. In an earlier article (November 5) he rightly said that quite apart from the official views of the accountancy profession and a small number of academic accountants, there has been little indication of what accountants in practice or industry really think about CCA. I have yet to see an opinion from an industrial accountant as to the contribution CCA makes to management accounting.

The committee was unfairly biased in its representation. The only serving accountant from industry is singular in outlook, judging by the views he has recently expressed in the accountancy press. Yet if the debate is conducted by a narrow section of the business community, it will be implemented by default and because of a lack of reaction from accountants in commerce and industry.

The debate to date has centred around the relevance of CCA as a form of published accounts from the viewpoint of the shareholder or investor: but these accounts only report on the effectiveness of strategies developed on the basis of the organisation's internal reporting system. Considerable change in emphasis to the internal reporting system has been necessary to identify the full effect of inflation and CCA with its concentration on defining profits only deals with part of the problem.

During times of rising prices, the organisation is unable to adjust sufficiently quickly to higher levels of margins, not only to recover costs but to generate additional finance for the higher levels of working capital. It becomes a problem of liquidity and the manner of reporting to management on the full financial resources being consumed by inflation is ignored by the Sandilands Report. The internal reporting must, for example, consider in addition to appreciation of stock, the amount being financed by creditors and the extent of finance locked up in trade debt.

CCA may well be a step forward in the presentation of accounts to investors, but it would be wrong to think that accountants in industry spend anything more than a small portion of their time on the preparation of the published accounts. It is my view that Sandilands has selected the right horse but entered it for the wrong race.

R. Mitchell.
2, Whitechapel Close,
Leeds

Understanding accounts

From Mr. D. Paterson.

Sir,—The accountancy profession is unhappy with the failure of the Sandilands proposals to show gains and losses on monetary items, but I fear the objections have been based more upon pique than upon a really objective desire to find a more satisfactory solution.

When I read a statement of accounts relating to past events, I am interested in knowing three things: the change in the value of shareholders' funds from the beginning of the year to the end of the year measured in current units of value, that is, pounds sterling; the absolute size of the dividend in current units of value; and the results of trading upon the cash position of the company, but specifically to show the effect on cash generated (a) to replace assets, (b) to finance the repayment of loans, and (c) available to pay the dividend. Any surplus cash not paid to shareholders is that which management feels it should retain in reserve for future investment decisions and which shareholders would prefer to be managed by the company rather than by themselves.

Corporate profits are generally defined as the difference between shareholders' funds at the beginning of the financial period and at the end. Previously the definition of shareholders' funds was based upon historic costs and the lower of cost and net realisable value in the case of current assets. We have now all accepted that we should consider the current or replacement value of all assets but the measurement of that value must be based on a definable yardstick. That yardstick is the current value of the pound sterling. Although it is inconvenient that the yardstick changes in value with time, shareholders and consumers appreciate and understand the length of the yardstick at any given time. Indeed, we are accepting this state of affairs by incorporating the current value or replacement cost (measured in units of the current yardstick) in the balance-sheet. Why confuse our understanding by incorporating a second measurement of value (that is, so as to give the cost of liabilities to be met at to-day's value as though they had to be repaid at a cost which reflects a previous value?). The cost of repayment of loans and the value of cash is both the historic value and to-day's value—it is not important that a notional gain has been made by the effect of inflation on a capital structure organised at some prior date.

I do not think that I should inflate the cost of my mortgage so that I can calculate my real profit at the end of a period. My profit in cash terms (that is, measured on the basis of the current unit of value) will be related to the difference between the current value of the house and the mortgage loan—which I will be repaying in units which have an equal historic and current cost so far as I am concerned. I do not think, nor do I believe, that most people will feel it necessary to separate the two elements of profit. Still less will shareholders wish to isolate the monetary profit from the "real" profit within the published accounts.

As an intellectual exercise, to be relegated to a very subsidiary note in the accounts, the calculation of monetary gains may have some interest. Any financial analyst, to whom such monetary gains or losses may seem important, has sufficient information already available to him from which to calculate such gain or loss. He then may form a view of how clever or otherwise the financial men of the relevant company have been in forecasting movements in interest rates, and of the contribution of such department against that of the manufacturing departments. The exercise may be of interest internally, but to an outsider who can only buy shares in the whole company such artificial distinctions remain academic.

If the profession insists on pursuing the argument on monetary gains or losses we may find that we ought to show an adjustment to reflect the gain or loss resulting from an increase or decrease in debtors and/or creditors between the beginning of the period and the end. I hope the profession and the government will heartily endorse Sandilands and encourage its implementation as rapidly as possible so that we all have a better understanding of company accounts before the next bout of inflation, due in 1977-78, hits us.

D. F. J. Paterson.
37-38, Chancery Lane, W.C.2.

Men are more satisfactory

From Mr. W. Thompson.

Sir,—Your recent report on a statement by Mr. Roy Grantham dealing with equal pay for women continues to assume an equality of service.

There is however another side of the coin. In my office of just under 60 persons, in the last three years the absence rate of female staff is just short of four times as great as for male staff. In addition the turnover of female staff in the junior category is much higher in females, necessitating wasted time for both trainer and trainee: with equal pay for females the male is a more satisfactory proposition.

W. Thompson.
Borderlands, Reepham Road, Horsford, Norfolk.

Help for small firms

From Sir Edmund Bedingfeld

Sir,—The recent correspondence over the Government's scheme for helping small firms exhibits once again the usual gamut of misconceptions and misunderstandings about management consultancy. The scheme itself is a step, admittedly small, in the right direction. If it does nothing more than show certain sectors of the textile industry that management consultants can produce long-term benefits in the running of companies it will have done something to justify the Government's implicit faith in the expertise resident in most consultancies.

It might even persuade some firms to call in consultants before difficulties become catastrophic. One of the primary reasons why consultants have to suffer the thinly veiled hostility evident in past correspondence is that they are too frequently consulted so late that the only reward for their labours is the acrimony that attends inevitable failure.

It is to be hoped that small companies will take the longer-term view by inviting consultants to look at all their operations and not merely those that seem to demand immediate action. The true faults often lie in quarters other than those where the problems manifest themselves. A full-scale management audit by consultants may well produce some surprises for the client. Difficulties in distribution, for example, may have more to do with production than transport, while manufacturing shortfalls may well begin in the buying office.

Management audits can range across the whole company. Their value lies in the fact that they provide an objective view of present performance, whereas the normal financial audit provides only an after-the-event analysis of past financial performance.

Edmund Bedingfeld,
Director,
Handley-Walker Company.
36 Baker Street, W.1.

To-day's Events

GENERAL

EEC Joint Council of Ministers (Foreign Affairs and Agriculture) take stock of common agricultural policy, Brussels.

Mr. James Callaghan, Foreign Secretary, on tour of Arab Gulf States.

Mr. Anthony Crosland, Environment Secretary, begins official visit to Japan.

British Medical Association and Hospital Consultants' and Specialists' Association call one-day stoppage and hold mass meeting in Central Hall, Westminster.

Mr. Reg. Freeson, Minister for Housing and Construction, speaks at meeting of Brentford and Isleworth Constituency Labour Party, Chiswick, W.4.

Mr. Len Murray, TUC general secretary, at World Traders Club lunch, World Trade Centre, E.1.

CBI London and South-East Regional Council meets, London.

Dr. Carel de Wet, South African Ambassador, speaks at United Kingdom-South Africa Trade Association lunch, Grosvenor House, W.1.

PARLIAMENTARY BUSINESS

House of Commons: Last day's debate on Queen's Speech—economic affairs.

House of Lords: Debate on Queen's Speech—home affairs.

OFFICIAL STATISTICS

Provisional unemployment figures and unfilled vacancies (November).

COMPANY RESULTS

Akroyd and Smithers (full year). Associated Newspapers Group (half-year). Braby Leslie (half-year). Brown Shipley Holdings (half-year). Hambros (half-year). Ultra Electronic Holdings (half-year). Yarrow and Co. (full year).

COMPANY MEETINGS

Dixon (David) and Son Holdings, Leeds, 11.45.
Dixon (David) and Son (Leeds), Leeds, 11.30.
Newman-Tonks, Birmingham, 12.

EXHIBITIONS

Exhibition of Environmental Design at St. Katharine-by-Tower, Design Centre, Haymarket, S.W.1.

Camping Trades Exhibition, Harrogate Exhibition Centre.

Wholesale Buyers' Gift Fair, Mount Royal Hotel, W.1.

British Fabric Federation: Fashion Fabrics for 1976, Celanese House, Hanover Square.

International Ski Show, New Horticultural Hall, S.W.1.

OPERA

Royal Opera production of Un ballo in maschera, Covent Garden, W.C.2, 7.30 p.m.

English National Opera production of The Italian Girl in Algiers, Coliseum Theatre, W.C.2, 7.30 p.m.

COMPANY NEWS + COMMENT

Clover Dairies midway upsurge to £1.09m.

ON A TURNOVER up from £11.1m. to £15.85m., first half (to September 27, 1975) pre-tax profit of Clover Dairies increased from £706,000 to £1,093,000. Trading profit advanced from £863,000 to £1,283,000.

It is still difficult to forecast with any degree of certainty due to factors outside the directors' *control, but they are confident* that trading profit in the second half will be in excess of the *£822,000 for the second half of* last year.

An unchanged interim dividend of 1.75p net per 25p share costing £105,000 is declared. Last year's total was 4.25p.

	26 weeks 1975 £000	1974 £000	52 weeks 1974-75 £000
External sales	15,847	11,103	24,636
Trading balance	985	709	1,40[illegible]
Other income	298	124	[illegible]
Trading profit	1,283	863	1,445
Depreciation	156	124	260
Interest	34	33	67
Profit before tax	**1,093**	**706**	**1,118**
Taxation	568	367	[illegible]
Net profit after tax	525	339	[illegible]

Periodic alterations arising from year to year in the scale of remuneration determined by the Ministry of Agriculture, Fisheries and Food relating to 18 months ended March 29, 1975. This payment reflects rise in expenditure experienced by dairy industry during that period.

An improvement in cash flow since March, 1975, has enabled bank borrowings to be reduced to a level where the net bank interest paid in the second half of the year will not be significant it is stated.

• comment

Clover Dairies' trading profits are a fifth ahead on a 43 per cent. increase in turnover but a more than trebled Retrospective Adjustment to the milk margin has sent pre-tax profits some 55 per cent. higher. The increase in sales gallonage, at 3 per cent., is *slightly below the level of 1974-5* but areas like soft drinks had a *predictably buoyant summer. Capital spending of over £600,000* this year has already been covered by first-half cash flow and the company *expects a marked reduction* in last year's £755,000 net overdraft by the end of March. This may be aided by the recent *milk price increase, as debtors are* turned over fortnightly compared with five weeks for creditors. The group's lack of involvement in the dairy by-products industry is also on its side. Assuming pre-tax profits of £1.5m., the shares are on a prospective p/e of 7 at 83p and the current yield of 7.8 per cent. has been covered twice by interim earnings.

INDEX TO COMPANY HIGHLIGHTS

Recovery at G H Downing

TURNOVER FOR the half year to *September 30, 1975 of brick and* tile manufacturers G. H. Downing and Co. expanded from £3.28m. to *£4.29m., and, after depreciation of* £231,000 against £192,500, pre-tax profits jumped from £404,000 to £873,000. Tax takes £350,000 compared with £210,500.

The directors state that although the second half has started well, trading can be affected by weather conditions.

In spite of a recession in the Netherlands construction industry, the Dutch company is operating satisfactorily, they report.

Pre-tax profits for the year to March 31, 1975 were £1m. and dividends totalled 8.54642p net.

• comment

Downing has more than recouped the ground lost in 1974 following a first half pre-tax gain of 86 per cent. A recovery in the residential house building sector allowed some reduction in brick stocks, while price increases in February would have resulted in some stock profit. Stocks are now some 30 per cent. lower than at the start of the year but production remains below peak levels. Weather conditions in the winter months will have some bearing on the second half so, even allowing for further price increases from October 1 and a maintained demand position, *the outcome is still somewhat uncertain.* In the meantime, the shares at 142½p enjoy a yield of 9.2 per cent., which is virtually double that of the brick leader.

J. Cropper loss—no interim

PAPER MAKERS James Cropper has run into a loss of £168,979 in the half year ended September 27, *1975, compared with a profit of* £268,418 for the same 1974 period.

The directors explain that trading has been affected by the severe recession in the world paper industry which has meant that sales tonnage is only 65 per cent. of the corresponding period of 1974.

	First half 1975-76 £	1974-75 £
Turnover	2,783,773	3,304,316
Interest paid	56,394	62,120
Pre-tax loss	168,979	*268,418
Tax credit	87,869	†125,109
Net loss	81,110	*139,229

* Profit. † Charged.

There is little sign of any improvement at present and the company is, therefore, seeking to contain its costs and improve efficiency in order to minimise the effect of the recession.

There is no interim dividend.

compared with 0.96875p. For 1974-75 a total of 1.71875p net was paid from profits of £309,579.

Lennons jumps in first half

FROM SALES some £8.8m. ahead at £21.05m., profit of Lennons Group, the supermarket and stores concern, expanded by £261,051 to £644,118 in the half year ended September 27, 1975.

Chairman Mr. T. Lennon states that the feature of the half-year has been not only the buoyancy of the wines and spirits turnover, but also that of food and, with the approach of Christmas, this state of affairs is continuing.

The group has opened a new store in Wrexham, and its initial trading, both in food and wines and spirits, is well up to best expectations. It is policy to develop further the food sector of the group's operation.

Seven additional off-licences have been purchased which it is aimed to open in time to take advantage of Christmas trading.

As foreshadowed at the time of the proposed one-for-one rights issue, last month, the interim dividend is 0.5p net (0.31637p) adjusted for a scrip issue). And the forecast of a final of 1.09881p on the increased capital is repeated. For 1974-75 a total equal to 1.11987p was paid from profits of £960,000.

The chairman and his brother, Denis, have decided to waive entitlement to the interim dividend on the whole of their personal shareholdings.

	First half 1975 £	1974 £
Sales*	21,053,467	12,278,401
Profit before tax	644,118	383,067
Corporation tax	341,000	203,000
Net profit	303,118	175,067
Interim dividend	61,752	79,765
Less waived	17,173	—

* Excludes VAT £937,047 (£531,558).

Subject to approval of the increase in capital, allotment letters relating to the rights issue will be posted on December 10. Dealings are expected to start on December 12

• comment

Putting aside new opening and inflation in food prices, a 72 per cent. increase in sales from Lennons takes in some impressive growth from existing outlets. Meanwhile, despite competitive pressures on margins within the industry, Lennons' profits shot up by 68 per cent. and the shares rose 5p to 71p on the news yesterday. The bonded warehouse is apparently proving quite a success, and though the freezer side's growth could show signs of falling away, turnover at the supermarkets and off-licences continues to expand.

Price competitiveness may be increasing the market share and *annual profits* could rise some 45 per cent. to the region of £1.4m. On this basis, a prospective ex-*rights* p/e at 14.7 is in line with the sector, while the yield of 6 per cent. (after *the rights at par*) is above average.

Statement, Page 30

£160,466 loss by Abercorn General

After writing off £192,414 in respect of certain properties held *as current assets* which were worth less than book value, Abercorn General Investments re*veals a net loss of £160,466* for the year ended June 30, 1975, compared with a profit of £124,936.

Turnover amounted to £325,418 (£1,222,169). The loss is after a transfer to deferred tax reserve of £13,180 as reduced by adjustments in respect of the previous year (charge £150,608).

Professional revaluations of the properties held as fixed assets at June 30 show an increase of £1.17m. in overall value and this has been incorporated in the accounts.

The company has not paid dividends for many years.

T. Warrington up 41½%

First half 1975 profits of general building and public works contractors Thomas Warrington and Sons advanced by 41½ per cent. to £102,000 before tax of £55,000 against £37,500.

The interim dividend is held at 1.1637p net per 25p share costing *£34,981 (same). Last year's total* was 2.8813p paid from pre-tax profits of £304,551.

Mr. Brian Warrington, the chairman says the group was able to maintain the workload in contracting and house sales improved. However, there are difficulties in the building industry at present with "fierce" competition and keener margins on work available.

Inquiries received from industry are still at a low level and with a cut-back in Government spending there has been a considerable falling off in work available from local authorities and other Government departments. This is expected to continue through to 1977.

Liquidity has again improved and bank borrowing is now lower at £455,000 compared with £588,688 at the time of his last statement on May 23, 1975, the chairman adds.

Mr. Robert Chadwick, chairman of J. Hepworth and Son, who reports that the company is continuing with its expansion programme (see Page 29).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
John Beales ...int.	Nil	—	1	—	2
Berali Tin & Wolfram int.	1.73	Dec. 31	nil	—	nil
British Indian Tea ...int.	2.3	Dec. 19	2.3	—	4.7
Cardiff Malting Co. ...	1.23	Feb. 10	1.15	1.93	1.83
Clover Dairies ...int.	1.75	Jan. 6	1.75	—	4.25
James Cropper ...int.	Nil	—	0.97	—	1.72
J. H. Dennis ...	0.83	Feb. 6	0.85	1.69	1.58
Dundonian ...int.	4.0	Dec. 19	nil	—(d)	8.0
Kleen-e-ze ...int.	0.38	Jan. 12	0.35	—	3.48
Lennons Group ...int.	0.5	Dec. 17	0.32*	—	1.12*
Magnet Joinery ...int.	2.93(c)	April 1	—	—	—
Park Place Inv. ...	Nil	—	0.70	Nil	1.09(a)
Sketchley ...int	1.1(b)	Jan. 2	1	—	3.5
Southerns-Evans ...int.	2.13(c)	—	—	—	—
Thanet Trust ...	1.7(e)	—	1.67	2.4	2.37
Thos. Warrington ...int.	1.16	Jan. 9	1.16	—	2.88

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) For 14 months. (b) On capital increased by a rights and a scrip issue. (c) Special *payment* subject to merger becoming unconditional. (d) At least maintained total is forecast. (e) Includes bonus 0.4p (0.67p).

Sketchley improves at midway

ON A turnover 17 per cent. higher at £11.6m., profits of Sketchley, the dry cleaning, industrial workwear rental and textile finishing group, improved from £901,000 to £942,000 in the six months ended September 30, 1975.

After tax there is a profit of £433,000 against £413,000, but in accordance with normal practice, the Board has written off £70,000 goodwill arising in connection with the acquisition of Quality Cleaners and stated earnings per 25p share are 3.4p (3.6p).

	Half-year 1975 £000	1974 £000
Sales	11,616	9,948
Trading profit*	1,050	1,040
Debenture interest	46	47
Other interest	62	91
Profit before tax	942	901
Taxation	509	488
Net profit	433	413
Minorities loss	—	9
Extraordinary debits†	69	‡2
Attributable	364	424
Preference dividend	3	3
Ordinary	127	162

* After depreciation £490,000 (£446,000). † Including goodwill arising on acquisitions during relevant periods. ‡ Credits.

Acquisition of QC will enable the overall service division to extend its geographical coverage to South Wales and the South West.

The directors consider the present economic situation makes it difficult to predict for the second half with any degree of certainty but results are unlikely to be distorted as they were last year following the closure of a subsidiary.

An interim dividend of 1.1p per share is declared on capital increased by a rights and a scrip issue. Total for 1974-75 was 3.5p—including a 2.5p final on the higher capital—paid from profits of £1.62m.

• comment

Loss elimination of around £76,000, following last year's closure of the Chell Pargrae Knitwear subsidiary, plus a 22 per cent. reduction in the overall interest charge has left Sketchley's first half profits 4½ per cent. higher before tax. However, the pure trading picture has worsened. The business, which is very weather-conscious, suffered seriously during the long, hot spell of the summer months, and volume during the first half-year was slightly lower. In the second six *months* the group is hoping to correct this by launching an intensive advertising campaign *(starting in January)*, which, if successful, should enable it to maintain its trading position during that period. Since the second six months will also compare with the period which experienced the bulk of last year's Chell Pargrae losses and will include an initial contribution from Quality Cleaners a full-year pre-tax total of £1.9m. should be within reach. This should enable a dividend yielding almost 8½ per cent. at 66½p to be covered twice.

SAFEGUARD INDUSTRIAL INVESTMENTS LIMITED

Mr. John Keeling reports increased revenue and an improved asset position

It is with a feeling of great personal loss, shared by my colleagues, that I have to record the untimely death in May of this year of Mr. E. F. J. Plumridge. His considerable experience and wise judgement, as well as his loyal friendship, are missed by all who knew him.

The Year's Results

The past year has been a difficult one for investors. Inflation has been running at an appalling rate and our efforts to keep pace with it on revenue and capital account, together with having the right margin of liquidity at the right time, have involved a balancing act which has only been partially successful.

The gross revenue for the year to 30th September 1975, was £572,910 compared with £539,741, whilst the revenue after all expenses but before taxation was £506,921 compared with £476,167. Your Directors now recommend a final dividend of 2.1p per share making a total dividend for the year of 2.8p per share compared with 2.7p last year. The gross equivalent including the associated tax credit is 4.307p per share, last year 4.030p.

The theoretical break-up value of the Company after deducting the Debenture Stock at par is 61.4p per share compared with 39.0p last year. This year there is a *contingent liability to Capital Gains Tax* which, if taken into account, would reduce the break-up value to 59.8p.

Future Prospects

Our policy is to invest in companies with long-term growth prospects and showing a reasonable current yield. Our aim is at least to keep pace with inflation but with companies subject to price controls and high taxation and with dividend increases normally limited to 10 per cent. this is a nearly impossible task.

The first task of Government must be to control inflation. Excessive public expenditure, on non-essential items, must be cut out. As a nation we quite simply cannot afford them.

The majority of people would, I believe, welcome and respond to non-extremist leadership. If Government can provide it and interfere less in our daily lives, our country can prosper again—and Safeguard will prosper with it.

A copy of the Report and Accounts can be obtained from the Secretary, at 87, Eaton Place, London SW1X 8DX.

ISSUE NEWS AND COMMENT

Brazil Fund 14.8m. share placing

The *prospectus* is published to-day in connection with the placing of up to 14.8m. shares of Cr.$1 par value in The Brazil Fund S.A. The shares are to be offered in units (Depositary Shares) *of 10 shares each at* U.S.$12.21 per Depositary Share. All subscriptions must be made *in U.S. dollars and for a minimum* amount of U.S. $12,210, or multiples thereof.

The Fund is being *sponsored* by F and C Management, Murray Johnstone, Touche Remnant and Co. and Vickers *da Costa* and Co. Bahamas, who with Scottish United Investors will subscribe for not less than 800,000 *Depositary* Shares. The Fund has been organised by Banco de Investimentos Lar Brasileiro SA *(BILB)* in association with the sponsors. BILB has been appointed administrator of the Fund.

The object of the Fund is the investment of its capital in Brazilian securities, with the *aim* primarily of achieving long-term capital growth with a reasonable rate of dividend income. *It* is expected that the dividend yield in the first period of operation to September 30, 1976 will be about 3 per cent.

In order to reduce the taxation liability to the minimum, no redemption of shares will take place prior to eight years after the registration of each respective initial foreign capital base. However, shareholders may at a general meeting reduce this period within permitted regulations.

Dealings in the shares are expected to commence on December 2.

• comment

The Brazil Fund is the third so far to take advantage of *Brazil's* relaxation of controls on foreign investment in its stock markets. One of the main *features of this* Fund is that the shares may not be redeemed for eight years if the *tax advantages are to be* maximised. This could, however, be altered should Brazilian regula*tions be changed, or the sponsor*ing group's enthusiasm for Brazilian investment wanes. The *redemption time can* be reduced in line with existing regulations, which is a 20 per cent. redemption *every six months after* three years. The investment policie[s] of the Fund indicate a broa[d] spectrum of holdings (with th[e] exception of financials) thoug[h] some emphasis can be expecte[d] on communications and agricu[l]tural processing industries. Invest[]ment in the Fund, by nature o[f] the minimum unit of $U.S.12,21[0] is bound to be restricted virtuall[y] totally to institutions, though an[y] breaking-down of the minimu[m] unit in the future could bring i[n] private clients.

Particulars pages, 32-37

'PFPUT' units offer

The next issue of units in Th[e] Pension Fund Property Unit Tru[st] *takes place on December 1* at [a] subscription price of £1,291.20 p[er] unit, less a rebate of £16.20 f[or] *unitholders applying direct.* Th[is] would give a yield of approxi[m]ately 5.7 per cent. on the basis [of] *the last four quarterly distrib[u]*tions.

The Trust exists to enab[le] *pension funds to invest in re[al]* property avoiding the associat[ed] administration problems witho[ut] *prejudicing the favourable t[ax]* position of such funds. At t[he] end of October, there were 4[] *pension* funds holding units in t[he] trust. Value of the fund [on] October 25 was £102m., of whic[h] £19.9m. was in cash, producing [an] annual income in excess of £4.5[m.]

The management of PFPU[T] point out in the offer docume[nt] that the values of investme[nt] properties tend to follow Sto[ck] Exchange prices, but with a tim[e] lag of several months. There a[re] signs that property values a[re] now following equities on [an] upward trend and the manage[rs] consider that first class properti[es] could soon command a premiu[m] particularly freeholds.

TREASURY STOCK

The prospectus is publishe[d] to-day in connection with the issu[e] *of £600m. 10½ per cent. Treasur[y]* Stock 1979 at £95.50 per cen[t.] Interest on the stock will be pa[y]able half-yearly on May 1 a[nd] November 1, with the first pa[y]ment of £4.40 per cent. due o[n] May 1, 1976.

J. H. Dennis earns and pays more

AGAINST A forecast of in excess of £300,000, group pre-tax profit of James H. Dennis and Co. amounted to £337,917 for the year to August 31, 1975, compared with £218,430 for the previous year, including a surplus on foreign exchange conversion of £46,507, against a deficit of £13,963.

When reporting first half profit up from £54,500 to £182,000, the directors said the second half would not be as profitable as the first.

Stated earnings per 10p share *increased* from 4.61p to 8.47p for the year, and the dividend is raised from 1.58p to 1.680p net with a final of 0.828p. The company is engaged in engineering [in] the U.K. and chemical manufa[c]turing in France.

	1974-75 £	1973-[74] £
Group turnover	4,025,279	4,111,[]
Pre-tax profit*	337,917	218,[]
Net profit	185,205	106,[]
Tax charged	164,712	111,[]
Attributable	173,250	86,[]
Pref. dividends	3,639	3,[]
Ordinary	35,097	31,[]

* Including exchange surplus £46,[] (deficit £13,963).

SOUTHERN ORGANS WOUND-UP

Compulsory winding up ord[ers] against 50 companies were ma[de] by Mr. Justice Oliver in the Hi[gh] Court yesterday. They includ[ed] Southern Organs together wi[th] Southern Organs (Bogno[r]), Southern *Organs (Horsham)*, Southern Organs (Chichester), Southern Organs Hi-Fi, a[nd] Southern Organs *(Brighton)*.

J. Hepworth continues expansion programme

URRENT YEAR turnover of ultiple tailors, J. Hepworth and on, shows a drop in cash terms, nd the chairman, Mr. R. E. hadwick, does not feel that he ay usefully speculate on the uture.

However, the company is in ood shape—the systems and raining programmes are becoming increasingly effective and the xpansion programme will enable to be in "a formidable position take advantage of the upturn the economy immediately it akes place," he declares.

During the year to August 31, 975, the company opened 28 new ops (17) and 10 are already cheduled for the current year. here were five (one) substituted ith nine scheduled, and major lterations or rebuilding were arried out at 13 (five) shops ith nine scheduled for this year. The directors are pressing head with expansion whenever suitable site or property beomes available.

The new warehouse was in peration during the second half nd the programme of expendiure on the head office, wareouse and Leeds factory complex drawing to a close. Considerble benefits from increased ficiency are anticipated.

Though capital expenditure talled some £2.53m. some £2.01m. as realised by sales of property. f this £1.31m. refers to propores leased back from the urchaser. Credit sales required creasing finance and the total debtors grew from £8.03m. to 10.09m., but steps have been ken to limit this trend in ture.

Mr. Chadwick points out that flation means permanently ineasing working capital and £2m. overdraft has been converted to a loan repayable in 4-5 years nd £3m. into a loan repayable in 10 years. The result is that the erdraft now appears at £3.17m. 8.21m.) and net current assets e £6.44m. (£209,000 deficiency). ax relief on stock appreciation so helped liquidity to the tent of £1,123,000.

As known group pre-tax profit r the past year was £3.41m. 3.67m.) and the dividend is 8p (2.14p) net.

Meeting, Leeds, Dec. 19, at .15 a.m.

hairman's statement, Page 30

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims:— Edgar Allen, Associated Newspapers, Braby Leslie, Brown Shipley, Frederick Cooper, Evans of Leeds, Hambros, Highgate and Job, Lelab Interests, Leisure Caravan Parks, Marling Industries, Melville Dundas and Whitson, Transparent Paper, R. Kelvin Watson, Wheway Watson.

Finals:— Akroyd and Smithers, Atlanta Baltimore Chicago Regional Investment Trust, Belgrave Assets, Carrs Milling Industries, Drayton Consolidated Trust, Scottish and Mercantile Investment, Stocklake Holdings, Yarrow.

FUTURE DATES

Interims:—

Blyvooruitzicht Gold Mines	Dec. 3
Caird (Dundee)	Nov. 27
Carclo Engineering	Dec. 8
General Engineering (Radcliffe)	Nov. 28
London Prudential Invest. Tst.	Nov. 26
Marshalls (Halifax)	Dec. 1
May and Hassell	Dec. 8
Property and Reversionary Inv.	Nov. 27

Finals:—

Durban Roodepoort Deep	Dec. 8
East Rand Proprietary Mines	Dec. 3
Fitzroy Investment	Nov. 26
Lloyds and Scottish	Dec. 11
National and Commercial Bnkg.	Nov. 27
Plaxtons (Scarborough)	Nov. 28
Proprietors of Hays Wharf	Nov. 27
Osborn (Samuel)	Dec. 1

F. J. BAYNES

F. J. Baynes and Company, heating, ventilation, air conditioning and plumbing engineers of North London announces that its wholly-owned subsidiary, F. J. Baynes (Aylesbury), will call a meeting of members at Winchester House, E.C., on December 3 when it will be proposed that this subsidiary company will go into voluntary liquidation. It will be followed immediately by a meeting of creditors.

Outlook at C. H. Beazer

UNLIKE PREVIOUS years the bulk of current year profits of C. H. Beazer (Holdings) will be earned in the second half, but, providing developments in Germany are sucessfully concluded, satisfactory results are expected, states the chairman, Mr. C. H. G. Beazer.

The group will continue to look for opportunities, "particularly in countries that encourage industry," and to exploit them when they are recognised, members are told.

The difficult circumstances are continuing and this will particularly affect the current six months as most of the planned housing, contract and development completions fall in the second half.

As reported on November 4, pre-tax profits rose from £1.57m. to £1.6m. in the year to June 30, 1975 on turnover up from £8.3m. to £8.87m. The dividend is 8p net (same).

An analysis of turnover and profits for activity shows (£000s omitted): Property development £4.12m. (£2.72m.) and £1.42m. (£0.94m.), private residential building £1.52m. (£0.98m.) and £205,000 (£207,000), and contracting, specialist activities, and sundry income £3.23m. (£3.6m.) and £0.38m. (£0.8m.). A write down of £0.6m. (£0.38m.) was made on certain U.K. developments.

Meeting, Bath, on December 15, at noon.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	169	113	Corn Exchange	113	......	b1.62	2.8	1.5	—
[illegible]115	F.P.	7/11	380	275	Standard G'd Minf'g 20c	275	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
[illegible]	£50	30.1	50	49½	Bristol (City of) 13¼% Deb. Stk. 1981	49⅝	+⅛
[illegible]	£30	11/2	30¼	29½	Coventry City of 13¼% Red. Stk. 1980	30	+¼
[illegible]	£10	—	12	11⅛	Essex Water 9% Red. Pref. 1981	11⅝	......
[illegible]	F.P.	15/10	133½	113	Haslemere [illegible]	125	−2
[illegible]	£50	9/1	51½	49⅞	Islington 13¼% Red. Stk. 1985	51	+¼
[illegible]	£50	9/1	49¾	47½	Do. 14% Red. Stk. 1985/6	47¾	+¼
[illegible]	F.P.	28/11	100	99¾	Lee Valley Water 9% Red. Pref. 1980	100	......
$100	F.P.	—	100	98½	Midland Bank Float Cap Notes '82	100	......
[illegible]	F.P.	—	92¼	90	Noranda 9¾% Notes 1980	$C92¼	+¼
$100	F.P.	—	102½	92	Do.	$US.102¼	+½
[illegible]	£25	23/1	28	[illegible]	Norcros 15¼% Deb. 1990/95	27½	......
[illegible]	F.P.	17/11	50½p	46p	Single 10% Cum. Conv. Pref.	46p	......
[illegible]	F.P.	28/11	120	100	Spirella 10% Conv. 1986	115	......
$100	F.P.	—	98	92	Trans Union Fin Cap 10¾% notes 1980	$C98	......
[illegible]	F.P.	31/10	99½	98	York Waterworks 9% Red. Pref. 1980	99	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1975 High	1975 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	14/11	5/12	36½	30	Amal. Distilled Products	31	......
[illegible]	Nil	—	—	103	102	Beresford (S. & W.)	102pm	−1
[illegible]	Nil	5/12	7/1	29	20	Berry Wiggins	25pm	+2
[illegible]	Nil	[illegible]	[illegible]	76	74	British Home Stores	75pm	......
[illegible]	F.P.	14/11	5/12	146	136	Cape Inds.	138	......
[illegible]	Nil	—	—	25	23	Capper-Neill	23pm	......
[illegible]	Nil	5/12	9/1	12½	9½	Charles (David)	9½pm	......
[illegible]	F.P.	24/11	5/1	87	79	Debenhams	87	+1
[illegible]	Nil	—	—	34	32	Fenner (J.H.)	34pm	......
[illegible]	F.P.	30/10	28/11	73½	[illegible]	Grand Met. Hotels	72	−½
[illegible]	Nil	1/2	7/1	212½	112½	Harrisons & Crosfield	112½pm	......
[illegible]	F.P.	28/10	12/12	408	330	I.C. Gas	386	−4
[illegible]	Nil	—	—	40	30	Horrock Johnsen	36pm	−2
[illegible]	Nil	17/12	16/1	129	118	Kwik-Save Discount	121	+1
[illegible]	Nil	—	—	24½	24½	Lighting & Leisure	24½pm	......
[illegible]	F.P.	21/11	12/12	124	112	Miner Holdings	122	......
[illegible]	Nil	—	—	125	125	Nat. Bank of Aust.	125pm	......
[illegible]	F.P.	30/10	9/12	[illegible]	[illegible]	Northern Foods	68	−1
[illegible]	F.P.	3/11	5/12	[illegible]	[illegible]	Peacock Smith	27	......
[illegible]	Nil	—	—	14	14	Pontins	14pm	......
[illegible]	F.P.	24/11	30/1	38	35	Raybeck	38	......
[illegible]	Nil	19/12	—	3	Nil	Trust Bank Africa	Nil	......
[illegible]	Nil	—	—	50	48	Warren & Philips	50pm	......
[illegible]	F.P.	19/11	19/12	75	60½	Weir Group	74½	......

Renunciation date usually last day for dealing free of stamp duty. a Placing [illegible] to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights [illegible] way of capitalisation. ·† Tender allotment price ◆ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over ▲ Introduction ● Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters § With warrants

J. Beales loss but recovering

UNDERWEAR and outerwear manufacturers John Beales Associated Companies reports a pre-tax loss of £27,000 for the 27 weeks ended September 19, 1975, but provided demand continues, and wage and price increases are reasonably related, a return to profitability during the second half is assured, state chairman Mr. G. R. Herrick.

For the first 26 weeks in 1974 there was a profit of £308,000 but for the full year this was reduced to £234,506.

The chairman explains that the main factors behind the loss were a loss of £143,000 in the fully fashioned division; and a stock reduction exercise (£427,000), carried out as deliberate policy.

Also in order to keep productive staff employed business has been taken at prices normally considered unacceptable. Despite this last action, some productive capacity was lost—capacity which the group is now trying to rebuild.

Resulting from reorgaingation both in policy and management in the fully fashioned division, losses will be reduced in the second half.

In order to fall in with the Institute of Chartered Accountants' recommendation, the group has changed the method of stock valuation, which has increased the first half loss by £6,000, but also increased reserves by £30,000.

Mr. Herrick reports that the forward order position has improved and is improving, and as old contracts taken at uneconomic prices are completed and activity increases, profits will result.

Emphasis is being increasingly placed on exports, which in the first half represented 8 per cent. of turnover. Incoming orders indicate a substantial advance on this figure in the second half. half.

There is no interim dividend (1p) but a final will be considered in the light of the full results. The 1974-75 total was 2p.

	27 wks 1975-76 £000	26 wks 1974-75 £000
Group sales	5,528	4,467
Trading profit	107	508
Interest	125	110
Depreciation	99	90
Loss before tax	27	*308
Tax	—	160
Extraordinary debit	—	†26
Interim dividend	—	38

* Profit. † Goodwill and reimbursement of training costs incurred by the former lessee of a factory in Wales to produce goods for group.

Early in the year a medium-term loan of £500,000 was negotiated with the Midland Bank. At present less than half of the total facility available to us is in use. Total borrowings are lower now than a year ago, says the chairman.

Mr. Herrick, having reached 65, will retire from the chair at the annual meeting next July. He will be succeeded by Mr. Gordon Signal, who has just been appointed deputy chairman and managing director.

Northborough Trust

Northborough Investment Trust incurred an increased loss of £400,054 (against £87,363), for the year to April 30, 1975, after a tax credit of £649 (£1,978), but before exceptional items nil (£20,121).

At halfway there was a loss of £87,960 (profit £31,473).

Turnover for the year increased from £852,642 to £1,322,796. Certain subsidiaries are engaged in property investment and development in the U.K. and Europe.

Improved result for UCM this year

MR. E. C. SOSNOW, chairman of United City Merchants, tells members that he is looking forward to an overall improvement in profitability in the current year.

Since the end of 1974-75 the general situation in both the timber and international hide and leather trade has improved, and he foresees a gradual return to greater profitability from both divisions.

In all the other fields group companies have been "very active," and trading results so far are much better than a year ago.

The first few months trading indicate that the group is going in the direction of an overall improvement; and Mr. Sosnow hopes that the present recovery in the slack areas and the buoyancy in others will be maintained.

As reported group pre-tax profit in the year ended June 30, 1975 declined from £1.83m. to £1.72m., on a lower turnover of £127.52m. (£128.77m.). An analysis of sales and profits shows: international merchants agents and bankers—U.K. £74.59m. and £760,651; South Africa £15.87m. and £240,883; Europe, Far East and others £31.32m. and £363,054. Leather manufacture—U.K. £3.53m. and £384,051 and India £2.21m. and £99,810.

The chairman says the results have been achieved, in a year when two important sections of activities, timber division and the Raw Hide and Leather division suffered a "great set-back" as a result of the world recession which caused a substantial drop in sales and prices for woodgoods, hides and leather.

Due to diversification and the elasticity of the U.K. and overseas organisations the company managed to take advantage of better conditions which existed in other areas of activities and to offset most of the loss of revenue from the timber and leather divisions.

Referring to deferred tax, Mr. Sosnow says this will help cash flow which is an important factor in financing the large volume of sales. It will also help to improve profitability by reducing the cost of finance at a time when interest rates are at record levels.

The dividend total for 1974-75 is 1.016p (0.924p) net, and a one-for-five scrip issue is also proposed.

The report shows that the chairman's emoluments increased from £25,386 to £35,756 during the year.

Kleen-e-ze

Reporting a first half (to October 1, 1975) drop in pre-tax profits from £125,050 to £4,470, the directors of Kleen-e-ze Holdings say they anticipate a recovery in the second half. Profits for all 1974-75 were £145,388.

The interim dividend is reduced from 0.575p to 0.375p net per 25p share. Last year's total was 3.475p.

First half turnover rose from £1.88m. to £2.24m. Tax took £2,224 (£65,026). The company manufactures brushes and cleaning devices.

Safeguard Industrial aims

INVESTMENT in companies with long-term growth prospects and showing a reasonable current yield is the policy of Safeguard Industrial Investments, says the chairman, Mr. J. Keeling.

The aim is at least to keep pace with inflation but with companies subject to price controls and high tax and with dividend increases normally limited to 10 per cent. this is a "nearly impossible" task, he adds.

As known, group net revenue, before tax, for the year to September 30, 1975, was £506,921 (£476,167), and the dividend is 2.8p (2.7p) net per 25p share.

The year was a difficult one for investors, says Mr. Keeling. Efforts to keep pace with inflation on revenue and capital account, together with having the right margin of liquidity at the right time, "involved a balancing act which has only been partially successful."

The theoretical break-up value of the company after deducting the Debenture stock at par is 61.4p per share compared with 39.0p. This year there is a contingent liability to capital gains tax, which, if taken into account, would reduce the value to 59.8p.

Chairman's statement, Page 28

Little change at Dominion & General

First half results of the Dominion and General Trust show little change, with gross income at £266,250, against £264,912, and the net figure, after all charges, at £130,087 compared with £130,881.

Stated earnings per 25p Ordinary share are 2.95p against 2.97p. As known, the net interim dividend is again 1.5p per share—total for the year to April 30, 1975 was 5.25p paid from net revenue of £264,341.

Net asset value per Ordinary share stood at 150.0p against 125.3p including all the dollar premium of 34.4p (25.2p) and calculated after allowing for the interim dividend and deducting prior charges at par. No provision has been made for tax on capital gains.

On October 6, 1975, the back-to-back loan of $730,000—£312,500—was repaid.

	Six months 1975 £	1974 £
Gross income	266,250	264,912
Net revenue	130,087	130,881
Tax charged: Overseas	5,683	7,922
Corporation	26,469	24,260
Imputed*	49,059	42,425
Preference dividends	6,125	6,125
Ordinary interim	63,000	63,000

* On franked investment income.

Good start by Mann Egerton

MOTOR AND electrical engineers, etc., Mann Egerton and Co., reports turnover up from £47.92m. to £48.47m. and a 13.5 per cent. improvement to £1,658,000 in taxable profits, for the six months to September 30, 1975, compared with the same 1974 period.

Profits from the sale of motor vehicles were about the same as last year, but improved demand for service and parts activities, and tighter control of overheads and use of capital, have helped to produce the increase in profits, says Mr. J. W. D. Campbell, chairman and managing director.

He adds that though it remains difficult to forecast long-term trading results, the second half has started well and he believes profits for the first nine months will exceed those of the comparable period.

The overall financial position continues to be strong, with borrowings at a low level, Mr. Campbell reports.

Results for the half-year are struck after crediting profits on sales of land and premises of £55,000, against £9,000. Earnings per 25p Ordinary share are shown at 9.63p compared with 8.45p.

For the previous accounting period of 18 months to March 31, 1975, the group (which is a subsidiary of Inchcape and Co.) achieved taxable profits of £4.18m with stated earnings per share 23.9p—profit for the 12 months to March 31, 1973 was a record £2.9m.

	Half year 1975 £000	1974 £000
Turnover	48,469	47,918
Trading profit	1,995	1,760
Interest charges	[illegible]	[illegible]
Profit	1,658	1,461
Tax	[illegible]	[illegible]
Net profit	796	787
Pref. dividend	31	31
Attributable Ord.	765	671

MINING NEWS

Australian miners call for a better deal

BY LESLIE PARKER, MINING EDITOR

IN THE RUN UP to the Australian election the country's mining industry remains vociferous about the troubles that are strangling its expansion possibilities. The latest exponent is the Australian Consolidated Minerals chairman Mr Dick Burt who expresses "grave concern about the economy, continuing high inflation and the heavy burden of taxation."

In these circumstances he asks "what incentive is there to continue the search for minerals." After putting forward the appropriate figures that proved this for his own company Mr. Burt went on to say that mineral projects which would have been profitable five or six years ago had to be shelved as uneconomic to-day. So previous high-grade orebodies had now become marginal. Or as a Canadian commentator, formerly quoted here, once said governments with a single stroke of the pen can write off more ore than a miner's pick can in ten years.

ACM itself is believed to be looking more towards using its remaining cash to buy into prospects rather than seeking its own new ventures.

Meanwhile, our Perth correspondent reports, the number one question in Western Australia continues to hover over Kalgoorlie's Golden Mile where miners are being sacked and where response to an appeal for help from a U.S. company, believed to be Homestake on an equity for funding deal, is still awaited.

The impact of the Kalgoorlie run-down is being cushioned by a state government carry-on loan for development work. Currently, the issue in Western Australia's traditionally number one mining town is heavily political because it is a long-time Labor Government stronghold that has a presently deep disillusionment therewith.

NO QUEBEC LINK IN ABITIBI

The Premier of Quebec, Mr. Robert Bourassa, says it is unlikely that the province will participate in the plans of the Rio Tinto-Zinc group's Brinco to invest about $100m. (£48.4m.) to develop the big Abitibi asbestos property on the north shore of the St. Lawrence river, north-west of Montreal.

Our correspondent reports that the province does not have sufficient financial resources to participate in the project even through its wholly-owned exploration agency Soquem. A decision on whether to go ahead with the venture is expected by the year-end.

ROUND-UP

America's Kennecott Copper reports a loss of $20.5m. (£10m.) or 62 cents a share for the third quarter of 1975 compared with net income of $45.5m. or $1.37 a share for the same period of last year. The third quarter loss includes an after-tax charge of $15.5m. (47 cents per share) associated with the discontinuance of Chase Brass and Copper's operations at Waterbury, Connecticut and charges against an earlier gain derived from the sale of Kaiser Aluminum shares. Net income of Kennecott for the past nine months has shrunk to $12m. or 36 cents a share against $146.4m., or $4.42 per share, for the same period of a year ago.

Hampton Gold Mining Areas is acquiring the Great Row Colliery and its wholly-owned subsidiary BSP Mineral Supplies for £763,000 of which £705,200 is to be in cash and the rest in 70,352 Hampton shares. Great Row is drift-mining for coal under licence from the National Coal Board in Staffordshire, recovery of coal from spoil and the supply to industry of coal suitable for power generation. Yesterday Hampton Areas fell 2p to 86p.

Queensland Government draft approval has been given for a $1,000m. (£618m.) bauxite and alumina refining project on the Aurukan aboriginal reserve on the western side of the Cape York peninsula south of Comalco's Weipa deposit. The companies involved are America's Tipperary Corporation, Royal Dutch Shell's Billiton and France's Pechiney.

Australia's Norseman Gold Mines announces the country's government consent for Osterreichisch-Amerikanische Magnesit to earn a one-third stake in its magnesite project at Ravensthorpe. OAM is to conduct a full feasibility study and is testing a shipment of raw magnesite to determine the most suitable beneficiation process. The feasibility study is expected by the end of March.

PATINO PROFITS ARE LAGGING

The profits of the Holland-based Patino group continue to lag. The 9-month net income of $2.15m. in Canadian currency, or 49 cents a share, compares with $19.5m., or $4.40 a share, in the same period of 1974. The third quarter income was only $0.37m.

It is stated that the sharp earnings decline reflects the depressed copper price received by Rio Tinto Patino and Patino Mines (Quebec); the strike at Copper Rand where work resumed in April; the sharp escalation in operating costs; and the low level of activity in Amalgamated Metal Corporation's metal merchanting business.

During the year to end October Patino had purchased on the open market 136,100 shares of its own issue. Yesterday Patino closed in London at 725p.

Beralt to pay an interim

PERMISSION HAS been given by the Portuguese authorities for the U.K. registered Beralt Tin and Wolfram to pay its share of the dividend declared earlier this year by the 80.55 per cent.-owned operating subsidiary in Portugal, the first dividend to be declared by the operation for five years.

Beralt's share of this dividend for 1974 is to be remitted in three equal instalments. The first, which has been received and which is to be paid on or about December 31, is of 1.75p net per share. The second and third instalments are due to be remitted from Portugal in 1976 and 1977.

This is an encouraging development in view of the political upheaval which has raised fears for further overseas investment in Portugal. Hopefully, any future Government in the country will also appreciate the need for such investment and thus will honour the current dividend approval for Beralt.

On paper, this points to a total payment for 1974 of 5.25p net compared with the chairman's estimate in June of about 4p. But the eventual total to be received by U.K. investors must depend on exchange rate fluctuations and U.K. tax considerations. Meanwhile, the Portuguese mine continues to make profits. Following the latest news Beralt rose 2½p to 18p.

Scottish National's policy

For the time being, The Scottish National Trust Company plans to maintain a fully invested position in anticipation of the slow recovery in the U.S. economy spreading out into the rest of the world, says the chairman, Mr. A. Rintoul.

Holdings in commodity shares overseas have been increased, while in this country holdings are mainly easily marketable in financially strong companies.

The directors have "more than a few" reservations about the prospects for this country but, with the choice open of holding cash, fixed interest or equity shares, the preference is for the latter.

As reported on November 5 with net asset details net revenue, before tax, increased from £1.54m. to £1.59m. in the year to September 30, 1975 and the dividend is 2.75p (2.66p) net per share.

Investments are valued at £51.23m. (£28.64m.)—unrealised appreciation £18.04m. (depreciation £3.81m.).

Meeting, Glasgow, December 18, at 10.30 a.m.

Chairman's statement, Page 29

Park Place Investments

PRE-TAX profits of Park Place Investments (training and management consultancy and advertising) have fallen from £170,000 for the previous 14 months' period, to £85,000 for the year to June 30, 1975, and there is no dividend, against a total of 1.09565p per 25p share.

Last April, reporting first six months profits down from £121,000 to £24,000, the directors said there would be no interim dividend and, in all likelihood, only a small final.

The profit fall reflects an increase in interest charges from £15,000 to £100,000. Stated earnings per share were 0.9p (1.6p).

There are below the line extraordinary debits of £238,000 (£12,000).

	Year 1974-75 £	14 mths. 1973-74 £
Turnover	2,148,000	6,091,000
Profit	85,000	170,000
After:		
Depreciation	32,000	31,000
Interest	100,000	15,000
Tax	41,000	94,000
Net profit	44,000	76,000
Attributable	41,000	74,000
Extraordinary debits	238,000	12,000

TCK valves deal

The TCK Group has finalised an agreement with Parker and Harper Manufacturing, of New Hampshire, U.S., under which TCK will be the sole importer and distributor of Gemini barstock ball valves in the U.K., Europe and the Middle East.

As part of the agreement, Gemini valves will be manufactured subsequently in Dundee by TCK Valves, who are also handling distribution of the valves in the U.K. and overseas.

BIDS AND DEALS

Magnet & Southerns to pay 5p total

THE OFFICIAL document relating to the agreed merger between Magnet Joinery and Southerns-Evans to form a new company, called Magnet and Southerns, has been despatched to both sets of shareholders. If concluded, the merger will create a group with net tangible assets of over £32m., net cash balances of £5.2m. and turnover and pre-tax profits (based on the last annual figures) of £78.3m. and £9.8m. respectively.

Incorporated in the document are the latest unaudited interim figures from both groups. Magnet Joinery, which is a substantial manufacturer of wooden doors, windows, staircases, kitchen units and other joinery products, reports a 23 per cent. decline in pre-tax profits to £2.42m., with turnover at £14.06m. compared with £14.37m. The company reports that depot turnover for the first 10 weeks in the third quarter of the year was £5.9m., against £5.07m., which represents an increase of 15.9 per cent.

Southerns-Evans, one of the U.K.'s leading importers of timber and sheet materials, reveals sales for the half-year to September 30 of £24.6m., against £26.6m., and pre-tax profits 11 per cent. higher at £2.78m. Current trading is holding up well and the chairman confirms his forecast made in the last annual report that the current year would produce results at least as good as those for 1974-75.

Both companies are declaring special interim dividends which are conditional on the merger going through. Magnet is paying 2.1291p per share and S-E 2.98074p. The annual dividend for the new group is not expected to be less than 5p per share. The merger, which will by-pass the Government's dividend limitations on the two individual companies, will represent an increase in income for Magnet shareholders of 156 per cent. and an 87 per cent. rise for S-E.

As known, Magnet shareholders are being offered seven shares in the new company for every five Magnet held, while Southerns-Evans holders are being offered a direct one-for-one swop. The Preference terms give holders in Magnet 4.9 per cent. Preference a straight exchange of one share for one new share in Magnet and Southerns 5¼ per cent. Preference. For every seven 4.2 per cent. Preference share in S-E, holders are to be offered six in M and S 5¼ per cent. Preference. Both groups of reference holders will receive a 7.14 per cent. increase in income.

The document reveals that the aggregate of the two group's market capitalisation on November 20 was £46.6m. Magnet Joinery ended 3p firmer last night at 211p with the 4.9 per cent. Preference unchanged at 43p. Southerns-Evans ended 1p easier at 151p and the Preference at 39½p, unchanged.

Interim results of both companies compare in the tables.

SOUTHERNS

	Half-year 1975 £000	1974 £000	Year 1974-75 £000
External sales	24,810	26,338	49,366
Profit before tax	2,782	2,502	4,619
Extraord. credits	—	42	34
Taxation	1,420	1,309	2,350
Preference div.	8	8	15
Balance	1,326	1,227	2,286

MAGNET

	1975 £	1974 £
External sales	14,056,952	14,286,345
Profit before tax	2,420,344	3,159,537
Taxation	875,163	1,152,739
Net profit	1,545,181	2,006,798
Tax equalisation	384,400	466,850
Preference div.	15,571	15,371
Balance	1,145,210	1,490,427

ARMSTRONG EQUIPMENT

Strongfast, a subsidiary of Armstrong Equipment, has agreed to acquire for £75,000 Birmingham-based Walker and Wood, a company which operates as a wholesaler of specialised building products. The purchase consideration is to be satisfied by the allotment of 123,457 Ordinary shares in Armstrong at a price of 60½p per share.

The vendors have elected to take £39,714 in cash and the remainder in shares. To oblige those taking cash, stockbrokers James Capel has placed the shares among institutional investors.

GRE OFFSHOOTS IN TALKS

Rapp and Maister, a quoted South African property group, said yesterday that discussions are taking place between Guardian Assurance Holdings (SA), Liberty Life Association of Africa and Rapp and Maister, which may result in an offer by Guardian Assurance for the shares of R and M not already owned by the Guardian Liberty Group.

R and M yesterday requested the temporary suspension of dealings in its Ordinary and Deferred shares from 10.25 a.m. pending a further announcement.

Guardian Royal Exchange Assurance has an 83 per cent. stake in Guardian Assurance Holdings, which itself has 61 per cent. of Liberty Life. The group holds 20 per cent. of R and M, which has a current market capitalisation of 24m. Rand (£13½m.).

R. CARTWRIGHT PURCHASE

Terms have been agreed, subject to contract, for the purchase of R. Cartwright Holdings of the share capital of Dean (Non-ferrous), a wholly-owned subsidiary of Central Manufacturing and Trading Group. Consideration will be £30,704 cash and liquidation of inter-group indebtedness.

Deans is engaged in the business of gravity dye casters and companies in the Cartwright Group take over 70 per cent. of its output.

Net book assets at July 31, 1975 amounted to £79,048 and profits before tax for the year to that date were £22,997.

FED. CHEMICALS

Federated Chemicals announces that agreement has been reached with Mr. B. J. A. Everett of Hobstone Hill whereby the activities of Hobstone will be merged with those of two Federated subsidiaries, Performance Chemicals and Kingsley and Keith (Manufacturing). The new joint venture company will be called Performance Chemicals and will be owned equally by Federated and Mr. Everett and family. The company specialises in the manufacture and marketing of industrial cleaning products.

CLIFFORD & SNELL

Clifford and Snell has received a letter from Rectifier Modules International advising that it holds 300,000 shares in C. and S. in its own name.

HAMPTON TRUST

Hampton Trust states that clients of A. J. Bekhor and Company have bought 1,286,667 Ordinary shares in the company at 11.015p per share. This represents 28.89 per cent. of the equity.

London Scottish Finance improving

AFTER A sluggish start, current year business is now beginning to pick up despite the greater selectivity which is being applied to new business, says Mr. R. H. Landman, chairman of London Scottish Finance Corporation.

Already there has been an increase in lending rates and with the likelihood of still greater unemployment and deflation the months ahead will not be easy, he says.

Profits after finance costs but before tax for the year to July 29, 1975 were £310,818 (£298,748) and stated earnings per 10p share improved from 3.0p to 3.2p, as reported with the announcement of the 1.7p (same) net dividend.

During the year the group reduced borrowings by £1.24m. and the ratio of net borrowings to capital and reserves was reduced to the "conservative" level of 2:1.

The debt collection service for other finance houses and retailers introduced in the previous year was developed successfully and is now making a useful contribution to profits, reports Mr. Landman, while financing the sale of consumer goods through retailers has also developed "significantly."

"I have no doubt about the future of the industry and of our group in particular" concludes the chairman. "It will again come into its own when the economy can be geared to high productivity returning satisfactory profits for industry and increased rewards for labour."

Directors emoluments include £3,000 compensation for loss of office and £5,000 ex-gratia payment to a former director.

Meeting, Manchester, December 11, noon.

Irish Leathers first half growth

Reflecting a greater level of stability in hide prices than prevailed last year, pre-tax profits of Irish Leather expanded from £133,000 to £254,000 in the first half of 1975. Profits for all of 1974 were £355,000.

Equity & Law Managed Funds

The chairman Mr. D. G. Fildes, tells members that costs continue to increase, but first-half profitability is expected to be maintained in the second six months.

First-half earnings are shown to be up from 1.4p to 2.75p per 25p share. An interim dividend up from 0.625p to 1.25p net has already been declared—last year's total was 3.75p paid from stated earnings of 4.1p.

	Half year 1975 £000	1974 £000
External turnover	6,990	7,618
Trading profit	334	215
Depreciation	80	80
Profit before tax	254	[illegible]
Tax	75	43
Net profit	170	90
Minorities	4	2
Interim dividend	65	32

The annual report of Equity and Law Managed Funds reveals that the mixed fund grew from £8m. to £18m. in the year to July 9, 1975, while the property fund reached £2m. in the three months since its introduction in April. The funds are run as investment media for pension schemes and during the year four new contracts were affected. Regular premium income to the funds is now running at the rate of £4.5m. per annum.

The value of units in the mixed fund rose by 35.8 per cent. over the year, compared with an increase of 47.2 per cent. in the FT All-Share Index and 19.9 per cent. in a typical government stock. The managers feel that the recovery in share prices still has some way to go. Investors in equities seem to be looking towards an eventual economic recovery in which companies will be allowed to generate adequate

The portfolio of the mixed fund at the end of the year was split between equities (64.74 per cent.), convertibles (0.71 per cent.), fixed interest (31.99 per cent.) and cash (2.56 per cent.). Liquidity, which was 7 per cent. of the fund at the start of the year rose to 35 per cent. by the end of 1974. It has been progressively reduced over the year, but action to invest could not match the rapid rise in the stock market, hence the lag in performance.

The property fund has already built up of portfolio of office, shop and industrial properties totalling £1.5m. The remaining £0.5m. is held in cash and short-term deposits. The managers consider that the Community Land Act and the proposed Development Land Tax Bill will result in property being an attractive investment media over the next year, a view reinforced by the failure of rental values to keep pace with building costs.

COMPANY NEWS

AYER HITAM TIN DREDGING — Results year ended June 30, 1975 already known. Fixed assets £1,711,000 (£1,290,000). Buffer stock contributions £441,000 (£282,000). Net current assets £1,604,000 (£1,229,000). Meeting 7, Rolls Buildings, Fetter Lane, E.C. December 16, at noon.

HUGH BAIRD AND SONS (maltsters, barley and hop merchants)—Results year to July 31, 1975 reported October 28. Fixed assets £2.78m. (£2.31m.). Net current assets £1.56m. (£0.97m.). Commitments £0.29m. (£0.25m.). Value of malt exports £617,190 (£150,673). Meeting, Glasgow December 12, noon.

CITY AND COMMERCIAL INVESTMENT TRUST—Net asset value per Capital share at October 31, 1975, was 120p (107p) at July 31, 1975.

COCKSEDGE (HOLDINGS) — Interim dividend 0.5125p (0.6375p). Turnover half year to September 30, 1975, £1,422,437 (£1,092,454). Pre-tax profit £68,703 (£45,478). Net profit £32,703 (£22,938).

PROPERTY PARTNERSHIPS—Interim 0.7p (0.6p). Pre-tax profit half year ended September 30, 1975, £56,785 (£53,790). Tax £45,087 (£26,392).

ENGLISH NATIONAL INVESTMENT—Interim Deferred Ordinary 0.175p (same). Preferred Ordinary 0.65625p (same). Gross income half year ended September 30, 1975, £36,043 (£35,238). Interest and expenses £34,642 (£30,061). U.K. tax £13,462 (£12,144), leaving £18,935 (£17,151). Earnings per 25p Deferred Ordinary share 0.36p (0.33p) and per 25p Preferred Ordinary 0.79p (0.84p). Net asset value per Deferred Ordinary 32.03p (11.36p) and Preferred Ordinary 36.70p (25p).

HAY AND ROBERTSON (Textile manufacturers)—Sales for year to May 31, 1975 £665,792 (£573,915). Profit £44,656 (£34,903) after depreciation £5,854 (£5,901), interest £6,440 (£5,898), loss on sale fixed assets nil (£225), directors and auditors fees, but including investment income £517 (£162) and profit on sale of fixed assets £105 (nil). Tax nil (same). Ordinary shares privately held. Preference dividend in arrears since January 1, 1965.

INCH KENNETH KAJANG RUBBER—Estimated profit first half 1975 £74,318 (£63,022) excluding replanting expenditure £35,000. Profits adversely affected by lower prices obtained. Difficult to predict final results. Board will consider payment of interim dividend at next meeting on December 10, 1975.

JETINGA HOLDINGS—Results year 1974 reported Oct. 28. Group fixed assets £291,030 (£237,160). Net current liabilities £16,806 (assets £27,675). Having regard to probable reduction in crop and continuing cost inflation chairman surmises that subsidiary's profit in 1975 will be somewhat below that of 1974. Meeting, 15, St. Helen's Place, E.C., December 18, at 11 a.m.

MERU GROUP — Results year ended June 30, 1975, reported October 28. Group fixed assets £74,435 (£28,706). Net current assets £104,471 (£115,920). Meeting, 77, Brook Street, W., December 18 at 10.30 a.m.

STIMPSON-PERKINS (leather manufacturing)—Results for year to June 30, 1975, reported November 4. Fixed assets £1.10m. (£1.10m.), net current assets £0.40m. (£0.35m.). Ultimate holding company United City Merchants. Meeting, 3, Swallow Place, W., December 15, at 11 a.m.

TEA CORPORATION — Dividend 2 per cent. for 11 months to end 1974 (nil for previous year). Turnover £262,391 (£167,734). Profit £27,540 (£2,673) before tax £1,696 (nil). Profit after appropriations £3,241 (£2,273). On October 17, 1975 Sri Lanka Government nationalised company's undertaking in Sri Lanka. No terms of compensation yet been agreed. Dividend payable when funds released from Sri Lanka.

VIEW FORTH INVESTMENT TRUST—Revenue £82,419 (£63,141) half year to Sept. 30, 1975. Net profit £33,059 (£29,230) after tax of £22,435 (£19,300). Earnings per 25p share 1.10p (0.96p). Interim 0.47p net (same). Break-up value per Ordinary 49.8p (32.1p). Loan of U.S.$250,000, repayable Sept. 24, has been continued for a further year to 10½ per cent. A second loan of $250,000 was raised in August for one year at 10½ per cent.

YORKSHIRE AND LANCASHIRE INVESTMENT TRUST — Results year to September 30, 1975, and net asset values reported November 20. Chairman says that it is difficult at this stage to estimate the revenue for the current year but Board aims at least to maintain the dividend. Meeting, Manchester December 17, noon.

British Airways Channel Isles to Dusseldorf flights halted

BY OUR OWN CORRESPONDENT

ST. PETER PORT (Guernsey), Nov. 24.

A DIRECT service between Dusseldorf and the Channel Islands introduced last summer by British Airways is to be suspended next season because of "lack of support."

The decision has upset Channel Islands hoteliers, who only two months ago sent a delegation to Dusseldorf to meet German travel men at a "workshop" organised by British Airways. The main aim of the meeting was to stimulate interest in the new link.

Mr. David Binnington, president of the Jersey Hotel and Guest House Association, said: "It is difficult to understand why British Airways should invite us over to meet German agents and then call off the service a few weeks later."

Local hoteliers think the Dusseldorf route was opened without adequate preparation and that traffic would have been better in 1976.

"There was no chance for us to do much about generating traffic last season," said Mr. David Evans, president of the Guernsey Hotels Association.

Another Jersey link with the Continent is in question—a direct summer service from Amsterdam operated by British Airways since 1972.

The airline has told Guernsey that it will continue to operate two flights a week to that island next summer but no decision has been made about a direct service to Jersey.

LATEST WILLS

	Net
Mr. N. H. Buckley, a former solicitor, hotelier and holder of world water speed records, left £1,223,647 gross	£1,212,001
Sir John Waldron, former Commissioner of the Metropolitan Police, left £137,960 gross	£132,672
Sir Alan Hudson-Davies, a former director of the Pilkington glass group, left £64,176 gross	£59,835

Ship-surgery work for Swan Hunter

Financial Times Reporter

SWAN HUNTER Ship Repairers has won a big ship-surgery and conversion contract which will boost employment prospects at its North Shields yard for the next four months.

The 21,540-ton West German bulk carrier Brooknes which has been bought by the Algoma Steamship Company of Canada has arrived at the yard to be cut into two and lengthened 120 feet by the fitting of a new midship section. This will increase cargo capacity. The Brooknes will also be converted into a self-unloading ship.

Mr. Adrian Hunter, managing director said the arrival of the Brooknes and other ships for docking had dramatically improved the outlook in the company's repair yards on the Tyne. From having 900 men on idle time a fortnight ago they were now down to less than 100.

HOME CONTRACTS

BSC awards £2m. engineering work

UNITED KINGDOM CONSTRUCTION AND ENGINEERING, part of the WGI Group, has won a contract worth more than £1m. from Davy Ashmore International as part of the enhancement of the basic oxygen steelmaking plant at the Lackenby works of the British Steel Corporation on Teesside. This is for the engineering design, procurement, fabrication and installation of all pipework systems connected with the modifications to the hoods and associated treatment plants.

★

MATHER AND PLATT, contracting division, has been awarded a £1m. contract for the supply, erection and commissioning of equipment for a new estuary water pumping station at BSC Redcar works. The equipment includes three vertical split-casing centrifugal pumps, with driving motors, for circulating water duty; pump suction and discharge valves with electric actuation; large bore station pipework in fabricated steel, epoxy protected; ancillary pumps, valves and pipework; station penstocks; screening and trash handling plant; chlorination plant; pumphouse steelwork, flooring, ladders, and electric overhead travelling crane.

★

UNIT CONSTRUCTION COMPANY, an Alfred Booth company, of Speke, Liverpool, has been awarded a contract to modernise 237 dwellings at Fincham Green, Huyton, for the Metropolitan Borough of Knowsley.

★

MARCONI COMMUNICATION SYSTEMS, a GEC-Marconi Electronics company, has received an order from HTV for the supply of two more Mk VIII automatic colour television cameras. This follows earlier orders from HTV for ten Mk VIIIs for their studios in Cardiff and Bristol.

AJAX MAGNETHERMIC (U.K.), Oxted, Surrey, has received an order from the strip mills division of BSC worth £140,000 for an electric induction galvanising furnace for the No. 5 line in its Shotton works.

★

SEED AND CEREAL SERVICES (York), having recently completed a £120,000 seed processing project for British Seed Houses in Lincs., has been awarded a further order for the design and installation of a similar plant for one of the group's Northern Ireland divisions, Samual McCausland.

★

TUBE CONSTRUCTION (Bristol) has received a £80,000 contract to design and build a passenger baggage handling facility building at London's Heathrow Airport. The baggage handling facility, *adjacent to Terminal 3, will be a* single-storey building with a total floor space of 1,360 sq. m. Completion is scheduled by the end of March.

★

MIDAC DUST CONTROL—part of Carter Industrial Products Birmingham—is to supply a complete fume extraction plant to serve a steel melting installation at the Crawley works of APV Paramount, the alloy steel founding subsidiary in the APV Holdings Group, under a contract worth more than £60,000.

★

SIGMUND PULSOMETER PROJECTS, a part of the SPP Group, has been awarded a contract for the supply of sewage pumping equipment for the Barbican project. To be installed on the concert hall site, the theatre site and on two catering complex sites, the equipment specified in the £20,000 contract is four of SPP's solids diverter units in two different sizes.

WELLMAN ALLOYS has received orders worth £700,000 from Clarke Chapman, Gateshead, for shell moulded strap and spacer castings to be used in the construction of boilers for the Littlebrook D electricity power station. They will be used in the superheater, primary heater and final reheater of the boilers, each with an output of 660 megawatts.

★

AISH AND CO., Poole, has won a contract for main, emergency and control and communications switchboards for a ship now being converted into a Royal New Zealand Navy hydrographic vessel at the Clyde shipyards of Scott Lithgow Dry Docks. The order was placed by Campbell and Isherwood, main electrical contractors for the ship.

★

PYE TELECOMMUNICATIONS, Cambridge, has received orders from West Midlands Passenger Transport worth more than £300,000 for two-way radio equipment.

★

RAYTHEON COSSOR DATA SYSTEMS has been awarded an order by Whitbread and Co for computer peripheral equipment worth £39.000. It is for visual display units, printers, printer buffers and line-sharing devices for a network of computer-based order processing systems which Whitbread plans to instal in its major depots throughout the country. Some 45 depots are to be equipped. Each system will be linked to a Honeywell minicomputer and will process and store data relating to orders from retail outlets.

★

RACAL-MILGO, Reading, is supplying £213,000 worth of equipment to Whitbread and Co which will provide the communications links in an advanced computerised ordering system to connect the brewery's distribution depots around Britain with their operating companies. Control centres at Cheltenham, Blackburn, Sheffield, Maidstone, London and Portsmouth will each be linked to up to 18 depots.

★

H. H. ROBERTSON, Ellesmere Port, has been awarded a contract worth £165,000 for the supply and erection of cavity flooring in a computer centre being built in Portsmouth for IBM by Taylor Woodrow Construction.

★

AIRCRAFT FURNISHING, Walton-on-Thames, Surrey, has won a contract worth about £134,000 to provide passenger seating for two British Airways TriStars which will be entering service with its overseas division in the spring of next year.

★

APV-PARAMOUNT, Crawley, West Sussex has been awarded a further contract for the supply of spare tube assemblies for use on the ammonia plant of Shellstar, Chester.

★

VICKERS-DAWSON, Cleckheaton, Yorkshire, has received an order worth about £175,000 for component cleaning machinery from British Leyland. The equipment consists of four precision cleaning machines for the new Rover Triumph engines.

★

KENT INSTRUMENTS has won an order worth £45,000 for instrumentation for a new boiler at the Aylesford Paper Mills of Reed Paper and Board (U.K.). The order, placed by the main contractors, Babcock and Wilcox, covers the design, supply, installation and commissioning of process instrumentation for a new oil-fired boiler capable of producing 96 tonnes of steam an hour.

This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange in London for the purpose of giving information to the public with regard to the Fund.
The Directors of the Fund, together with the Sponsors, the Subscription Agent and the members of the Consultative Council, collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading: Application has been made to the Council of The Stock Exchange in London for the whole of the share capital of the Fund represented by BDRs to be admitted to the Official List.
No such application has been made for any other shares in the Fund and attention is drawn to "Description of BDRs—Rights of BDR-holders—Conversion into Shares" below regarding the expected lack of marketability of Shares if they cease to be represented by BDRs.
No offers of or invitations for offers of Shares, Depository Shares or BDRs are made in this document. A copy of this document has been delivered to the Registrar of Companies in London for registration together with a copy of the form of the offering telex and the Auditors' consent letter and copies of the material contracts mentioned in Appendix V.

The Brazil Fund S.A.

Sociedade de Investimento (Incorporated in Brazil) D.L. No.1401

Placing of up to 14,800,000 shares of Cr$1 par value to be offered in units ("Depositary Shares") of 10 Shares each at a price (except in the case of the subscriptions of the Sponsors, SUIL and associated investors) of US$12.21 per Depositary Share.

(Inclusive of Brazilian foreign exchange brokerage commission of U.S.$0.0215 and of an initial charge of U.S.$0.72 sufficient, together with the contribution per Depositary Share made by each Sponsor and SUIL and/or their associated investors (see below), to cover the cost of producing this document, certain advertising, legal and accountancy charges, the initial commission of the Depositary for the issue of Bearer Depositary Receipts, the initial fee for listing the Shares on The Stock Exchange in London and the Subscription Agent's remuneration. The price set out above will be reduced both by the amount of the Selling Group Concession and in the case of subscriptions of 3,000 Depositary Shares or more—see "Procedure for Subscription" below).

The Depositary Shares will be evidenced by Bearer Depositary Receipts ("BDRs") representing either 1,000 or 10,000 Depositary Shares (that is respectively 10,000 or 100,000 Shares).

F & C Management Limited. Murray Johnstone Limited Touche, Remnant & Co. Vickers, da Costa & Co Bahamas Limited

Directors: ROBERT HEFLEY BLOCKER (*President*)
MILTON TESSEROLLI (*General Manager*)
ROGER PHILIP HIPSKIND
JOHN OSWIN SCHROY
NIGOHOS AVEDISSIAN
ANTHONY PAIN
GEORGE LEE ALOYSUS REXING
(All the above are officers or employees of the Administrator or related companies)

Registered Office: Rua do Ouvidor 75, 4th Floor, Rio de Janeiro RJ, Brazil.

Shareholders' Representative: BRAZILIAN CAPITAL SERVICES LIMITED
Bank of Bermuda Building, Hamilton, Bermuda.

Investment Advisor: BRAZIL CAPITAL SERVICES LIMITADA (*in process of formation*)
Expected address: Avenida Rio Branco 185-1717, Rio de Janeiro RJ, Brazil.

Consultative Council: (*Chairman*) SIR JOHN PILCHER, G.C.M.G.
(Director of The Foreign & Colonial Investment Trust Co. Limited)
(*Vice-Chairman*) DUNCAN JOHN LLOYD FITZWILLIAMS
(Director of F. & C. Management Limited)
JOHN RAYMOND JOHNSTONE, C.A.
(Managing Director of Murray Johnstone Limited)
JAMES BROWNLIE WALKER, C.A.
(*Director of Scottish United Investors (Management) Limited*)
ROBERT PETER WHARTON MILLAR, C.A. (*subject to Central Bank approval*)
(Director of Touche, Remnant & Co.)
JOHN PETER CLAY (*subject to completion of formalities*)
(Director of Vickers, da Costa & Co. Bahamas Limited)

Secretary to the Consultative Council: J. A. MILLER-DAY, A.C.A.

Custodian: BANCO LAR BRASILEIRO S.A.
Rua do Ouvidor 98, Rio de Janeiro RJ, Brazil.

Depositary: EUROPEAN OVERSEAS ISSUING CORPORATION S.A.
11 Boulevard *Grande-Duchesse Charlotte, Luxembourg.*

Subscription Agent: VICKERS, da COSTA & CO. BAHAMAS LIMITED
E. D. Sassoon Building, Parliament Street,
Nassau N.P., Bahamas.

Paying Agent (*Proposed*): THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
Woolgate House, Coleman Street, London EC2P 2HD.

Brokers to the Placing: VICKERS, da COSTA & CO. LIMITED
Regis House, King William Street,
London EC4R 9AR, England.

Auditors: PRICE WATERHOUSE PEAT & CO.
Avenida Rio Branco 138, 16th Floor,
Rio de Janeiro RJ, Brazil.

Legal Advisers: SLAUGHTER AND MAY,
35 Basinghall Street, London EC2V 5DB, England.
JAYME BASTIAN PINTO
Rua de Assembléia 58, 7th Floor, Rio de Janeiro RJ, Brazil.
ELVINGER et HOSS
84 Grand-rue, Luxembourg.

Administrator: BANCO DE INVESTIMENTOS LAR BRASILEIRO S.A.
Rua do Ouvidor 98, Rio de Janeiro RJ, Brazil.

DEFINITIONS

In these Particulars, the following words and expressions shall have the following meanings unless the context otherwise requires:—

"the Fund"	means The Brazil Fund S.A.—Sociedade de Investimento—D.L. No. 1401.
"BILB" and "the Administrator"	mean Banco de Investimentos Lar Brasileiro S.A.
"the Sponsors"	means F & C Management Limited, Murray Johnstone Limited, Touche, Remnant & Co. and Vickers, da Costa & Co. Bahamas Limited.
"SUIL"	means Scottish United Investors Limited.
"the Custodian"	means Banco Lar Brasileiro S.A.
"the Shareholders' Representative"	means Brazilian Capital Services Limited.
"the Subscription Agent"	means Vickers, da Costa & Co. Bahamas Limited.
"the Depositary"	means European Overseas Issuing Corporation S.A.
"the Investment Advisor"	means a Limitada in the process of formation, expected to be named Brazil Capital Services Limitada.
"D.L."	means Decree-Law.
"Central Bank"	means Banco Central do Brasil.
"Regulations"	means the regulations attached to Resolution 323 of the Central Bank dated 8th May, 1975 and related Circulars.

References in this document to "dollars" and "$" refer to the currency of the United States of America and to "Cruzeiros" and "Cr$" refer to the currency of Brazil. It is the intention of the Administrator that investments in the Fund will be converted to Cruzeiros at the applicable dollar buying rate and that remittances will be converted to dollars at the applicable dollar selling rate as fixed, in each case, by the Central Bank and references in this document to "dollar buying rate" and "dollar selling rate" shall be construed accordingly. Such transactions will be subject to Brazilian foreign exchange brokerage.

On 21st November, 1975, the dollar selling rate and the dollar buying rate fixed by the Central Bank were $1.00=Cr$8.775 and Cr$8.725 respectively.

The Brazil Fund S.A.—Sociedade de Investimento—D.L. No. 1401 is a Brazilian corporation which qualifies as an investment company under D.L. 1401 of 7th May, 1975 of the Federative Republic of Brazil. The Fund has been organized by an authorized Brazilian investment bank, Banco de Investimentos Lar Brasileiro S.A., in association with the Sponsors and SUIL. The Sponsors and SUIL are all experienced and active in international investment.

The Depositary Shares will be evidenced by Bearer Depositary Receipts ("BDRs") representing *either 1,000 or 10,000 Depositary Shares (that is, respectively, 10,000 or 100,000 Shares).* **The Statutes of the Fund provide that Shares will not be redeemable for a period of eight years unless the shareholders *in general meeting resolve to reduce the length of this period.*** *Thereafter, the Shares may be* redeemed at the option of the holder of the relative BDR and, under current law and practice and *subject to the provisions set out under the heading "Taxation", the proceeds may be freely remitted* from Brazil.

The object of the Fund is to enable investors who are not residents of or domiciled in Brazil to participate in a diversified portfolio of Brazilian securities, managed by BILB under a Portfolio Management Agreement. An Investment Advisory Agreement expected to be entered into on the formation of Brazil Capital Services Limitada makes provision for Brazil Capital Services Limitada to render investment advisory services to BILB and to arrange, as far as reasonably practicable, that at least one member of the Fund's Consultative Council will be residing in Rio de Janeiro. The Consultative Council's advice must be sought by BILB in certain potential conflict of interest cases and BILB intends to consult the Consultative Council on a regular basis. Brazil Capital Services Limitada is in the process of formation as a wholly owned Brazilian subsidiary of a Bermudian company owned by the Sponsors and SUIL, Brazilian Capital Services Limited.

All subscriptions for Depositary Shares must be made in U.S. dollars and must be for a minimum *amount of approximately U.S.$12,210 or multiples thereof and the Initial Foreign Capital Base* (as defined in "Procedure for Subscription" below) will be registered with the Central Bank in U.S. dollars on conversion to Cruzeiros; the quotation for the Share capital of the Fund represented by BDRs on The Stock Exchange in London will be expressed in dollars.

The Fund is aware that the Sponsors and SUIL and investors associated with or advised by them intend to subscribe for not less than 800,000 of the Depositary Shares (8,000,000 Shares) subject as stated in "Corporate Information—Share Capital" below.

The Portfolio Management Agreement and the Subscription Agent Accreditization Agreement require ratification by the shareholders of the Fund in general meeting and resolutions for this purpose will be submitted at the first general meeting.

The issue to which these Particulars relate has not been registered under the United States Securities Act of 1933 and the Shares and the BDRs may not be offered or sold directly or indirectly in the United States of America (including its territories, its possessions and all areas subject to its jurisdiction), or to nationals or residents thereof or to persons normally resident therein. See "Prohibition on Sales in the United States of America" below.

No dealer, salesman or other person has been authorized to give any information or to make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorized. Neither the delivery of this document nor any issue or sale of Shares, Depositary Shares or BDRs shall, under any circumstances, constitute a representation that the information contained herein is correct as of any time subsequent to the date of this document.

THE FUND

Introduction

The Fund is an investment company formed on 7th November, 1975 in the State of Rio de Janeiro, Brazil, under D.L. 2627 dated 26th September, 1940 (as amended), the Brazilian Law 4595 dated 31st December, 1964, Law dated 14th July, 1965, D.L. 1401, dated 7th May, 1975 and Central Bank Resolution 323 dated 8th May, 1975. English translations promoted by the Central Bank of D.L. 1401, Resolution 323 and the Regulations together with a certified translation of the Fund's Statutes appear in Appendices I and II hereto.

D.L. 1401, Resolution 323 and the Regulations evidence the Brazilian Government's desire to open the Brazilian capital markets to foreign portfolio investments and they contain provisions as to the convertibility of redemption proceeds after a minimum non-repatriation period, exemption from tax of investment companies and a diminishing tax incidence on dividend and capital gains remittances for longer term investments.

The Regulations provide that such investment companies must be formed and administered by Brazilian investment banks or brokerage houses under the jurisdiction of the Central Bank, and that an overseas subscription agent must be appointed to carry out certain initial and continuing functions on behalf of investors. Accordingly, the formation of the Fund was effected by BILB acting in association with the Sponsors and SUIL and BILB has been appointed the Administrator of the Fund. BILB has in turn appointed as subscription agent Vickers, da Costa & Co. Bahamas Limited. As mentioned in "Corporate Information—Share Capital" below, BILB has agreed to sell to the Sponsors and SUIL or to certain institutions associated with them 199,800 of the Shares subscribed by it on the formation of the Fund.

INVESTMENT POLICIES AND RESTRICTIONS

Investment Objectives

The object of the Fund, as described in Article 4 of its Statutes, is the investment of its capital in a diversified portfolio of Brazilian securities. In carrying out this object the Administrator, with the advice of the Investment Advisor, will aim primarily at long-term growth of capital; it will also aim at a reasonable rate of dividend income (when formed), in so far as this can be achieved without reducing the potential for capital growth, and it believes that in present circumstances the two aims are mutually compatible.

It must be stressed that the Fund's portfolio will necessarily be subject to market fluctuations and to the risks inherent in all investments (particularly those risks mentioned above) and that there can be no assurance that the objective either as to capital gain or as to dividends will be achieved. Furthermore, the Administrator assisted and advised by the Investment Advisor (when formed) and the Consultative Council may from time to time redefine the investment objectives and policies of the Fund within the general framework set forth in the Fund's Statutes and the law.

Investment Restrictions

There are certain specific restrictions as to investment policy, as set forth in Article 5 of the Fund's Statutes and Articles 32 to 34 and 37 and 38 of the Regulations, which include the following:—

(a) At least 50 per cent. of the total value of investments made by the Fund must be in shares or convertible debentures issued by open capital companies (i.e. companies listed on Brazilian securities exchanges which satisfy certain requirements of the Central Bank) controlled by private Brazilian capital, and acquired by subscription or on a Brazilian securities exchange.

(b) None of the remaining funds may be invested outside Brazil or in units of investment funds or in shares of other investment companies or financial institutions.

Dividend Policy

The Fund will aim to distribute its net income fully, in so far as it can do so without the incidence of supplementary withholding tax: it is expected that the dividend for the first fiscal period of the Fund's operations ending 30th September, 1976 will represent an annual yield of approximately 3 per cent. on the Initial Foreign Capital Base.

Based on present Brazilian law, it will be the policy of the Fund that during the first eight years after the registration of the Initial Foreign Capital Base in respect of the Shares underlying each BDR, cash dividends paid by the Fund will be of such amounts as will not attract supplementary taxes or withholding taxes in excess of the minimum basic rates from time to time in force. The conditions which have to be complied with under current regulations to achieve this are explained in greater detail in "Taxation" below but, broadly speaking, involve (a) the non-repatriation of capital (and consequently the non-remittance of capital gains) during such eight-year period and (b) restricting the remittance of dividends in any accounting period during such eight-year period to 12 per cent. (together with the withholding tax mentioned above) of the Initial Foreign Capital Base. In these circumstances, the Brazilian withholding tax rates would be:—

15 per cent. on dividends remitted during the first to sixth years, inclusive, from registration of the Initial Foreign Capital Base;
12 per cent. during the seventh year;
10 per cent. during the eighth year;
8 per cent. after the eighth year.

Brazilian regulations permit dividends to be paid only out of investment income net of operating, administrative and other *current expenditure other than brokerage. Furthermore, 5 per cent. of* annual net profits must be retained each year and credited to a legal reserve, until this reserve is equal *to 20 per cent. of the issued nominal capital. The Fund may not distribute by way of dividend any* surplus arising from the sale or other realisation of investments in excess of their book cost.

Further Issues

The Fund is permitted to make further issues of shares to persons who are neither resident nor domiciled in Brazil at prices equal to the net asset value per share at the dates on which the proceeds of the respective issues are invested in the Fund and calculated in accordance with Articles 15 and 17 of the Regulations. It is expected that such further issues will also be subject to permitted charges and foreign exchange brokerage. No further issue of shares will be made on the basis of this document and shares purchased by the Fund to be held as treasury stock (as described below) will not be resold by the Fund on the basis of this document.

As the incidence of withholding tax, in respect of both dividends and capital gains, could differ at any given time between two or more separate issues of shares in the Fund (including new issues and shares held in treasury which are resold), it will be necessary to distinguish between such issues. Accordingly, both for Shares the subject of this issue and for any further shares evidenced by BDRs, the month and year of each issue will be included in the title of the relative BDRs.

Redemption

The Brazilian regulations require investments to remain in Brazil for a minimum period of three years. Such regulations permit redemptions of up to 20 per cent. of each initial investment in each six-month period thereafter, but impose certain taxation disadvantages (see "Taxation" below) if any share redemption takes place before eight years from such initial investment. Therefore, it has been provided in the Statutes of the Fund that no redemptions of Shares may take place prior to eight years from the date of registration of each respective Initial Foreign Capital Base. Nevertheless, the shareholders may resolve in general meeting to reduce this period to any shorter period as is permitted by the Regulations. Thus, in practice, the BDR holders represented through the Shareholders' Representative should be able to reduce the period during which no redemptions may be made in the light of any change from time to time in the law and regulations of Brazil.

Any redemptions of Shares will be made by the Fund purchasing such Shares which it will then hold in treasury pending resale. Article 22 of the Regulations allows one year during which resale of *shares acquired by the Fund with subscribed capital may be made, failing which a reduction of the* Fund's capital will be necessary in respect of the treasury shares not resold.

BDRs and Shareholders' Representative

In order to facilitate the transfer of investers' interests and in view of the formalities involved *in effecting transfers of Shares in registered form, it has been decided that all of the Shares in the Fund* which are the subject of this document together with the 199,800 shares mentioned above should be *held by the Depositary against the issue of BDRs.*

The Depositary has, however, by a Representation Agreement dated 24th November, 1975, delegated to the Shareholders' Representative (a company controlled by the Sponsors and SUIL) the right of the Depositary to exercise the votes attached to the Shares evidenced by the BDRs. The Shareholders' Representative has agreed to exercise such right in such way as is, in its judgment, in the interests of the general body of BDR holders, subject to the right of any BDR holder to require that the Shares underlying his BDR be voted in accordance with his written instructions to the Depositary. As long as the Shareholders' Representative can use its discretion in the exercise of the votes attaching to more than half the shares in the Fund, the Shareholders' Representative will, in practical terms, subject to regulations imposed by the Central Bank, have power to appoint and remove Directors of the Fund and members of the Consultative and Fiscal Councils (see "Management and Administration" *below) and to declare dividends or approve interim dividends and, provided that a quorum is* present (which in the following cases on the first two calls for any Shareholders' meeting must consist *of persons representing the holders of two thirds of the Shares in the Fund), to increase the authorised* capital of the Fund, to modify the Statutes of the Fund and to put the Fund into liquidation.

PROCEDURE FOR SUBSCRIPTION

The Subscription Agent has entered into a Subscription and Purchase Agreement on 24th November, 1975 *with the Fund, BILB and the Sponsors and SUIL pursuant to which the Sponsors and SUIL* have agreed to purchase or subscribe for at least 8,450,000 Shares (845,000 Depositary Shares). This *figure may be increased in certain circumstances—See "Corporate Information—Share Capital" below.*

The Subscription Agent has also agreed in a Placing Agreement dated 24th November, 1975 and made between the Subscription Agent, the Administrator, the Fund and the Sponsors and SUIL to use its reasonable endeavours to place with members of a Selling Group consisting of banks, brokers and securities dealers (which may include any of the Sponsors, SUIL and their associated investors) up to an additional 450,000 Depositary Shares (4,500,000 Shares) at a price ("Offering Price") of $12.21 per Depositary Share (less the Selling Group Concession referred to below and subject to adjustment as provided below). The Offering Price represents the aggregate of the projected net asset value of ten Shares in the Fund on the date of their issue (notionally converted into dollars at the dollar buying rate on the date hereof) plus the Brazilian foreign exchange brokerage commission of $0.0215, rounded up to the nearest cent, and the Subscription Agent's initial charge of $0.72. The initial charge is subject to reduction as mentioned below.

No offers of or invitations for offers of Shares, Depositary Shares or BDRs are made in this document. *The Subscription Agent, acting through Vickers, da Costa & Co. Limited, London, has on* behalf of the Fund telexed the members of the Selling Group offering BDRs in respect of the Shares upon the Selling *Group terms already agreed between the Sponsors and the members of the Selling* Group in a series of Selling Group Agreements.

On the Closing Date, which is expected to be on 28th November, 1975 (but may be postponed, by agreement between the Subscription Agent, the Administrator and the Fund, to any date up to and including 12th December, 1975) the net subscription moneys less the initial charge will be remitted to the Administrator, for the account of the Fund, in units of $11,461.32 each (subject to adjustment as *provided below) inclusive of the related foreign exchange brokerage. Each such unit of $11,461.32 will* entitle the subscriber to one BDR in respect of 10,000 underlying Shares and will be the subject of a separate registration with the Central Bank (*deemed under Brazilian law to be effected on the date of* issue of the Shares, which is to be on the business day after the Closing Date). References herein to "Initial Foreign Capital Base" are to each such registered unit, regardless of the number of units resulting from the subscription moneys paid by any one subscriber. It has been considered necessary to provide for a quantity of individual uniform registrations, of the above dollar amount, in order to ensure that BDR-holders who redeem their BDRs earlier than others do not obtain an unfair advantage over the latter in the light of the present Brazilian rules regarding withholding tax on the remittance of capital gains (see "Taxation" below). In view of the foregoing, it is necessary to require subscriptions to be only for amounts of 1,000 Depositary Shares (that is 10,000 Shares) or whole multiples thereof, subject only to the exception in the case of the Sponsors and SUIL referred to in "Corporate Information—Share Capital" below.

The Offering Price per Depositary Share (and consequently the above mentioned Central Bank registration unit of $11,461.32) may be subject to adjustment in the event of (i) postponement of the Closing Date beyond 12th December, 1975 and/or (ii) a variation, between the date of this document and the date of the issue of the Shares, in the applicable rates of Brazilian foreign exchange brokerage *and/or (iii) a variation in the dollar buying rate as a result of the devaluation or revaluation between these* dates of the Cruzeiro against the dollar. For administrative reasons no adjustment will be made which *would be less than 0.1 per cent. of the Offering Price, any difference being borne or retained (as the* case may be) by the Sponsors and SUIL. If any such adjustment is necessary, it will be notified to *the Selling Group as soon as possible and will give rise either to a demand for additional, or* repayment of excess, subscription moneys.

Members of the Selling Group will be entitled *to a Selling Group Concession by way of deduction* from the Offering Price. Both the Selling Group Concession and the Offering Price itself will vary according to the number of Depositary Shares subscribed, as shown in the following table:—

Number of Depositary Shares	*Offering Price per Depositary Share*	*Selling Group Concession per Depositary Share*	*Selling Group Price per Depositary Share*
(000's)	$	$	$
1 or 2	12.21	0.44	11.77
3 or 4	12.09	0.36	11.73
5 to 10	11.97	0.28	11.69
11 to 40	11.91	0.24	11.67
over 40	11.85	0.20	11.65

During the Selling Group period referred to in the Selling Group Agreement, Selling Group members may not make resales at a price less than the Offering Price except to their own holding companies, subsidiaries or fellow subsidiaries in certain circumstances, in which case any such resale may be at a price not less than their subscription price, or to recognised securities dealers, when a reallowance may be conceded in accordance with the following table:—

Number of Depositary Shares sold to a particular dealer	*Offering Price per Depositary Share*	*Re-allowance*	*Price to dealer*
(000's)	$	$	$
1 or 2	12.21	0.23	11.99
3 or 4	12.09	0.18	11.91
5 to 10	11.97	0.14	11.83
11 to 40	11.91	0.12	11.79
over 40	11.85	0.10	11.75

The BDRs are expected to be available for delivery at the offices of the Depositary on 19th December, 1975. Any payment due to be made to the Selling Group members by way of adjustment as provided above will be made by dollar cheque contemporaneously with the delivery of BDRs.

The attention of potential subscribers is drawn to the following considerations which may indicate that investment in the Fund carries above-average risk:—

(i) The Cruzeiro has, over a long period of years, generally been subject to a greater degree of devaluation than the currencies of many developed nations. Therefore any funds held in Cruzeiros are likely to depreciate relative to certain other currencies, unless investments are made which afford capital appreciation at a faster rate than Cruzeiro devaluation.

(ii) Pursuant to the Regulations, amounts invested in Brazilian investment companies must remain in Brazil for at least three years after the date of the registration of the Initial Foreign Capital Base and the proceeds of redemption of shares in such investment companies including capital gains (if any) may not be completely *repatriated prior to five and one half years.* For the reasons set out in "Taxation" below, the Fund's Statutes provide that no Shares may be redeemed before *eight years after the date attributed to the registration of the Initial Foreign* Capital Base. However, subject to the restrictions imposed by the Regulations, the shareholders *of the Fund in General Meeting* may resolve that this period be reduced. Therefore, although the Shares in BDR form will be listed on The Stock Exchange in London and may be *traded there, investments in the Fund* should be regarded as irredeemable during a probable period of eight years.

(iii) It is expected that during the probable eight year period of non-redeemability of the investment and in accordance with the constitution of Brazil, the government may change at least once. Although the policy of the present government is regarded by some as generally favourable to foreign investment, there can be no assurance that this policy will continue in the future.

(iv) The Brazilian capital market is of comparatively recent development and the marketability of most listed shares is limited. Furthermore, the *investment restrictions imposed by D.L. 1401* and the Regulations (particularly Article 32) have the effect of requiring at least 50 per cent. of the Fund's *assets to be invested in Brazilian open-capital companies controlled by private* Brazilian capital. Securities in such companies are in general less marketable than the securities of some *government-controlled companies* which at present make up the major trading volume. Also, mainly because of the generally restricted marketability, price variations have *historically been greater than those in capital markets of many developed countries.*

(v) Current regulations and practices regarding convertibility, repatriation, portfolio composition, and tax incidence are subject to change. In particular, unfavourable developments in Brazil's international balance of payments position may, at some future date, be reflected in regulations as to Cruzeiro convertibility.

(vi) D.L. 1401 and the Regulations contain some *concepts which are new to Brazilian law,* and in some instances the Decree-Law and the Regulations are capable of differing interpretations. Therefore it may be possible for the Fund to be *unwittingly in breach of such Law and* Regulations now or in the future. In the event of such breach, the tax status of the Fund could be endangered and the right to remittance of *dividends and redemption moneys and/or the* reduction in the rate of the withholding taxes thereon could be prejudiced.

The Brazil Fund S.A. (continuation 1)

MANAGEMENT AND ADMINISTRATION

The management of the Fund is the responsibility of the Directors. However, in order to qualify as an investment company under D.L. 1401, the Fund is obliged to contract the management of the securities portfolio to a Brazilian investment bank or brokerage house and, accordingly, BILB, the Administrator has been appointed for this purpose. The Administrator is also responsible for the appointment abroad of subscription agents, the application for registration with the Central Bank of foreign currency entering Brazil, the notification to the Central Bank of dividends distributed to foreign investors, the application for registration with the Central Bank of share transfers between foreign investors and, subject to Central Bank regulations and availability of funds, the arranging for remittance abroad of cash dividends, cash bonuses and capital gains and the repatriation of capital. The Administrator has been approved by the Central Bank and is subject to removal by the Central Bank for failure to comply with the relevant laws and regulations.

As described below, the Fund also has a Consultative Council and a Fiscal Council, the members of which are elected by the shareholders and are subject to Central Bank approval.

Directors

The Fund's Statutes provide for there to be from two to nine Directors, elected by the shareholders for a period of two years, with re-election permitted. The powers of the Directors (as qualified by the Regulations) do not include the management of the Fund's portfolio of securities but do include the publication of periodical financial statements and reports, the approval of changes in the amount of issued capital, the appointment of independent auditors and the convening of shareholders' meetings.

The Directors were elected at the organisational meeting of shareholders on 7th November, 1975 and are the following persons each of whom is resident in Brazil (as required by law) and been approved by the Central Bank:—

Name	*Position*	*Address*	*Description*
Robert Hefley Blocker*	President	Rua Osório Duque Estrada 63, House No. 8, Rio de Janeiro RJ, Brazil	Director-President of Banco Lar Brasileiro S.A. Executive Director-Vice-President of Banco de Investimentos Lar Brasileiro S.A.
Milton Tasseroll	General Manager	Rua Carori 510, Rio de Janeiro RJ, Brazil	Director-Vice-President of Banco Lar Brasileiro S.A. Director-Vice-President and General Manager of Banco de Investimentos Lar Brasileiro S.A.
Roger Philip Hipskind*	Director	Rua Piratininga 124, Rio de Janeiro RJ, Brazil	Director of Banco Lar Brasileiro S.A. Executive Managing Director of Banco de Investimentos Lar Brasileiro S.A.
John Orwin Schroy*	Director	Avenida Vieira Souto 438/7, Rio de Janeiro RJ, Brazil	Executive Managing Director of Banco de Investimentos Lar Brasileiro S.A.
Nigohos Avedissian	Director	Rua Almirante Guilhem 215, Apartment 301, Rio de Janeiro RJ, Brazil	Deputy Director of Banco Lar Brasileiro S.A. Executive Managing Director of Banco de Investimentos Lar Brasileiro S.A.
Anthony Pain	Director	Avenida Oswaldo Cruz 28, Apartment 202, Rio de Janeiro RJ, Brazil	Vice-Director of Banco de Investimentos Lar Brasileiro S.A.
George Lee Aloysus Resing	Director	Rua dos Invalidos 138, Apartment 1213, Bloco II Rio de Janeiro RJ, Brazil	Vice-Director of Financeira Lar Brasileiro S.A., Credito Financiamento e Investimentos

Each Director is an officer of or employee of the Administrator or related companies. The Directors indicated by an asterisk are also employees of Chase Manhattan Overseas Banking Corporation, a wholly owned subsidiary of The Chase Manhattan Bank N.A., New York.

No Director may vote on any contract or arrangement in which he has an interest conflicting with that of the Fund. The Statutes of the Fund do not contain any requirement that a Director should retire upon attaining a specific age.

At the organisational meeting of shareholders the remuneration of each Director was agreed at Cr$12.00 per year.

Administrator

BILB was incorporated on the 26th June, 1967, as a Sociedade Anônima under Brazilian Corporate Law for a duration of 50 years. The company has its headquarters and registered office in Rua do Ouvidor 98, Rio de Janeiro RJ, Brazil, and its principal object is to act as an investment bank under the applicable Brazilian laws and regulations. BILB has managed one public mutual fund since November 1971 and a public fund which qualifies under D.L. 157 since July 1972 and these two funds have total assets valued at more than Cr$65,000,000.

All BILB's common shares are held by Octogonal Empreendimentos Limitada (whose majority shareholder is Companhia Fiduciária do Rio de Janeiro, which is a member of the Sul-America Group; and whose substantial minority shareholder is Chase Manhattan Overseas Banking Corporation). The principal holders of BILB's non-voting preferred shares are Chase Manhattan Overseas Banking Corporation (56.53 per cent.) and Companhia Fiduciaria do Rio de Janeiro (33.33 per cent.). Chase Manhattan Overseas Banking Corporation is a wholly owned subsidiary of The Chase Manhattan Bank, N.A.

Pursuant to the Portfolio Management Agreement (to be ratified as mentioned above) dated 7th November, 1975 between the Fund and BILB, BILB has been appointed, *inter alia*, to exercise all rights relating to the Fund's portfolio securities. However, the proposed Investment Advisory Agreement referred to below, when entered into, will provide that the Investment Advisor is under a duty to provide consultancy and advisory services to the Administrator, and the Administrator intends to act in close consultation with the Investment Advisor and the Consultative Council in all matters pertaining to investment policy.

Portfolio Management Agreement

The services to be performed by the Administrator under the Portfolio Management Agreement, which has been approved by the Central Bank, but which requires ratification by the shareholders of the Fund in general meeting, include advising on the establishment and revision of investment policies and goals, selecting investment alternatives, including volume, timing and price range of investments and sales, and the issuance of securities purchase and sale orders; calculating daily and notifying to the Rio de Janeiro Stock Exchange the net worth of the Fund and the net asset value per Share; and assistance in the orderly and up-to-date maintenance of all the accounting books and entries as well as documents relating to the operations of the Fund; and the preparation of the reports (referred to in Article 47 of the Regulations) and other reports.

The Administrator is to receive for its services an annual fee of 1 per cent. of the net assets of the Fund, as defined in the Regulations. This will be calculated daily as 1/360 of the 1 per cent. and paid monthly in arrears. In addition, the Administrator will receive part of the brokerage commission paid by the Fund on investment transactions in such amount as is normal for commission return between financial institutions in the Brazilian market; and the Administrator may receive commissions and fees with respect to any underwriting of securities placed with the Fund in which it has participated subject to the prior approval of the Consultative Council.

All expenses relating to portfolio management including expenses of investment analysis, the maintenance of normal accounting records, the supervision of the Fund's operation and the supervision of the Fund's compliance with legal, regulatory and accountancy requirements in Brazil will be borne by the Administrator; all the other expenses relating to the administration and operation of the Fund (including legal, audit and accountancy fees, the costs of printing and circulating annual and other reports, the costs of maintaining the register of shareholders, and the costs of complying with any present or future legal or regulatory requirements) will be borne by the Fund. Neither the Fund nor the Administrator will make any charge for effecting transfers of, or redemptions of, shares. However, the Administrator may require the transferee or the redeemer (as the case may be) to reimburse its reasonable expenses incurred in effecting such transfers or redemptions.

The Portfolio Management Agreement is for five years and is to be renewed automatically for a further five years on the same terms and conditions (excepting the provision relating to renewal) as long as the Administrator continues to fulfil all legal and contractual requirements. The Portfolio Management Agreement may be cancelled by mutual agreement or, in certain cases, at the discretion of the Administrator after five years, or at the discretion of the Fund in the case of breach by the Administrator of its obligations or if Chase Manhattan Overseas Banking Corporation and the Fund are of the opinion that there has been a material change in the effective control of the Administrator, or at the discretion of the Central Bank.

Since the investments of the Fund are subject to market fluctuation and credit risks, and Cruzeiros are especially subject to fluctuations in exchange rates, in the absence of wilful misfeasance or gross neglect, the Administrator will not be responsible for any decrease in portfolio value, or for any loss to the shareholders or BDR-holders upon redemption or liquidation, or transfer of shares, nor will the Administrator be responsible for any act or omission of any other financial institution through whom transactions are effected.

Investment Advisor

The Investment Advisor, expected to be named Brazil Capital Services Limitada, is in the process of formation in Rio de Janeiro as a private company under the laws of Brazil and it is planned that it will have a duration limited to 30 years. The Investment Advisor will be the wholly-owned subsidiary of the Shareholders' Representative which is itself controlled by the Sponsors and SUIL.

It is intended that as soon as the Investment Advisor is formed and empowered to enter into agreements, it will enter into an Investment Advisory Agreement with the Administrator. This Agreement has already been signed on behalf of the Administrator and is being held by the Brazilian Legal Counsel to the Fund until it may be signed on behalf of the Investment Advisor. The Agreement will provide that the Investment Advisor is to render consultancy and advisory services to the Administrator concerning the general investment policy of the Fund in consideration for which it will receive half of the fees received by the Administrator under the Portfolio Management Agreement. The Investment Advisor will be permitted to delegate its duties to the members of the Consultative Council and it is planned that it will do so.

The Fund intends to maintain an office within the premises of the Custodian in Rio de Janeiro and expenses related to this office will be charged to the Fund at the estimated cost to the Custodian of providing the relevant facilities. The Fund intends to permit the Investment Advisor and members of the Consultative Council and their servants and assistants to use this office in performance of their duties relating to the Fund.

Under the proposed Investment Advisory Agreement, the Investment Advisor will agree to ensure, so far as reasonably practicable, that at least one member of the Consultative Council is residing in Rio de Janeiro and pursuant to this proposed Agreement the Administrator will grant the Investment Advisor and the members of the Consultative Council access to its investment research material and investment research meetings and the investment meetings of the Fund.

Sponsors and Scottish United Investors Limited

F & C Management Limited

F & C Management Limited is an investment management company the share capital of which is held by the following investment trusts listed on The Stock Exchange in London:—

- The Foreign and Colonial Investment Trust Company, Limited
- General Investors and Trustees, Limited
- The Cardinal Investment Trust Limited
- Alliance Investment Company, Limited

The oldest established trust of this group is The Foreign and Colonial Investment Trust Company, Limited, which was founded in 1868. The companies mentioned above (commonly known as the F & C Group) together have assets with a value in excess of £170 million which are widely spread in the markets of Great Britain, North America, the Far East, Europe, Australia and South Africa.

Murray Johnstone Limited

Murray Johnstone Limited is an investment management organisation based in Glasgow with funds under management having a value of over £300 million. The entire share capital of Murray Johnstone Limited is owned by Murray Johnstone Holdings Limited of which the shareholders are:—

- The Scottish Western Investment Company Limited
- The Caledonian Trust Company Limited
- The Clydesdale Investment Company Limited
- The Second Great Northern Investment Trust Limited
- Glendevon Investment Trust Limited
- Glenmurray Investment Trust Limited

These six investment trust companies are managed by Murray Johnstone Limited and have total assets of a value of approximately £165 million.

Four of these companies were formed between 1907 and 1928 while the other two were incorporated more recently in 1962 and 1971. The companies were managed by Whinney Murray and Co., Chartered Accountants, Glasgow (formerly Brown, Fleming and Murray, Chartered Accountants), until in 1968 Whinney Murray and Co. decided to segregate the investment management activities and formed Murray Johnstone & Company, an unlimited company, to which they transferred their investment staff and clients. Mr. J. R. Johnstone, the Whinney Murray partner responsible for investment management, left the partnership and became managing director of Murray Johnstone & Company, which was purchased in 1974 (following its conversion to a limited liability company as "Murray Johnstone Limited") from Whinney Murray & Co. by the present owners. The funds managed and advised by Murray Johnstone Limited have their assets widely spread geographically and include the investments of two funds based in Luxembourg, one of which invests principally in Japan and the other in North America.

Touche, Remnant & Co.

Touche, Remnant & Co., was established as a company with unlimited liability in 1970 by Touche Ross & Co., Chartered Accountants, to undertake the business previously carried on for many years by their investment management department.

Touche, Remnant & Co. is a wholly-owned subsidiary of Touche, Remnant & Co., Holdings Limited of which the following investment trust companies are the shareholders:—

- Atlas Electric and General Trust, Limited
- The Bankers' Investment Trust, Limited
- C.L.R.P. Investment Trust Limited
- Cedar Investment Trust, Limited
- The City of London Brewery and Investment Trust Limited
- Continental Union Trust Company Limited
- The International Investment Trust, Limited
- Sphere Investment Trust, Limited
- The Standard Trust Limited
- The Industrial and General Trust, Limited
- The Trust Union, Limited
- The Trustee Corporation Limited

Touche, Remnant & Co. provides investment management and other services for the investment trust companies listed above, a number of pension funds and other investment funds with total assets valued in excess of £525 million. The assets under management are spread among the well established financial centres of the world and some rapidly developing areas.

Vickers, da Costa & Co. Bahamas Limited

Vickers, da Costa & Co. Bahamas Limited was incorporated under the laws of the Bahamas in 1973, as successor to a partnership established in 1969, and is the wholly-owned subsidiary of Vickers, da Costa & Co. Limited. Its activities include the giving of financial and investment advice and the underwriting and selling of international issues.

Vickers, da Costa & Co. Limited is a limited liability company, formed in 1972 to take over the existing business of Vickers, da Costa & Co., a partnership founded in 1917, which was itself the successor to a stockbroking business founded in 1888.

Vickers, da Costa & Co. Limited is now the parent company of a group of companies whose principal business is the provision of financial services relating to international investment. The group carries on a stockbroking business through membership of The Stock Exchange in London and the Hong Kong Stock Exchange Limited, and has correspondent relationships with members of most major stock exchanges in the world. The group also has a large international arbitrage department and provides international financial services, principally in the field of fund management and corporate advice.

Vickers, da Costa & Co. Limited has subsidiary companies in England, the Bahamas, Brazil, the Cayman Islands, Hong Kong, Luxembourg, the New Hebrides and the United States of America and also has representative offices in the Philippines and Tokyo.

The group provides investment management or advisory services to a number of investment and unit trusts and mutual funds, which have total assets of a value in excess of £75 million.

Scottish United Investors Limited

Scottish United Investors Limited ("SUIL") was incorporated in Scotland in 1924 and is amongst the larger investment trusts in the United Kingdom. It has a wholly-owned subsidiary, Scottish United Investors (Management) Limited ("SUM") which was formed in 1974 to acquire and carry on the investment management practice of Arthur Young McClelland Moores & Co., Chartered Accountants, ("AYMM"). AYMM and certain of its predecessor firms had had 50 years' experience of investment management having been managers and secretaries of SUIL since its incorporation and at 1st May, 1974, when the new organisation came into being, was responsible for funds whose assets amounted to approximately £100 million.

SUM's largest client is SUIL, whose funds, which at 30th September, 1975 were worth about £80 million, are substantially invested abroad. Investments in overseas companies account for about 70 per cent. of the portfolio and as a result of this policy an extensive network of overseas correspondents has been established.

SUM also manages or acts as adviser on the investments of a number of other institutions, pension funds and charitable trusts.

Shareholders' Representative

The Shareholders' Representative, Brazilian Capital Services Limited, was incorporated under the laws of Bermuda on 19th September, 1975, and its shareholders are the Sponsors and SUIL.

By the Representation Agreement dated 24th November, 1975 between the Depositary and the Shareholders' Representative, the Depositary has appointed the Shareholders' Representative to exercise all rights (to the extent that specific instructions have not been given to the Depositary by BDR holders in respect of the Shares underlying their BDRs) with respect to the voting of the Shares. The Shareholders' Representative is obliged to use the voting rights delegated to it (in so far as it has not received specific instructions as to voting) in the interests of the general body of BDR holders which would include in particular voting on the following matters:—

(a) electing and removing Directors of the Fund
(b) electing and removing members of the Consultative Council
(c) electing and removing members of the Fiscal Council

Whilst the Sponsors and SUIL at present have every intention of maintaining their investments in the Shareholders' Representative, they have agreed that in certain circumstances any or all of the Sponsors or SUIL may withdraw from the Shareholders' Representative.

Consultative Council

The Statutes of the Fund provide for a Consultative Council of from three to nine members, elected by the shareholders for a term of two years and eligible for re-election. Members of the Consultative Council need not be residents of Brazil, but must be approved by the Central Bank. The obligations of the Investment Advisor under the proposed Investment Advisory Agreement will be able to be effectively delegated to any one of the members of the Consultative Council. Each member of the Consultative Council is able to appoint the member of the Consultative Council expected to be residing for the time being in Rio de Janeiro to represent him.

The Statutes impose upon the Consultative Council the responsibility of expressing an opinion on the fulfilment by the Administrator of its portfolio management duties to the Fund.

In addition, the Consultative Council's opinion is required on specific matters in which potential conflict of interest occurs. These matters are listed in Article 22 (c) of the Fund's Statutes and include:—

(1) the purchase by the Fund, during issue or sale periods, of securities in whose issue or sale the Administrator or a related company (as defined in Article 39 of the Regulations) has participated;
(2) the purchase by the Fund of securities owned by the Administrator or related companies (as so defined);
(3) the purchase by the Fund of securities owned by investment funds or investment companies managed by the Administrator or related companies (as so defined);
(4) the sale of securities by the Fund to the Administrator or related companies (as so defined) or to investment funds or investment companies managed by them.

If the Consultative Council advise that such matters are not in the interests of the Fund, the Administrator is precluded from effecting them.

The present members of the Consultative Council, elected at the organisational meeting of shareholders on 7th November, 1975, have been approved by the Central Bank with the exception of Robert Peter Wharton Millar, whose application for approval is still pending with the Central Bank, and are as follows:—

Name	*Position*	*Address*	*Description*
Sir John Pilcher, G.C.M.G.	Chairman	33 The Terrace, London SW13	Director of The Foreign & Colonial Investment Trust Company, Limited
Duncan John Lloyd Fitzwilliams	Vice-Chairman	Bradfield Hall, Bradfield, Nr. Reading, Berkshire	Director of F & C Management Limited
John Raymond Johnstone, C.A.		The Myretoun, Menstrie, Clackmannanshire	Managing Director of Murray Johnstone Limited
James Brownlie Walker, C.A.		Cragston, Stewarton, Ayrshire	Director of Scottish United Investors (Management) Limited
Robert Peter Wharton Millar, C.A.		30 Egerton Gardens, London SW3	Director of Touche, Remnant & Co.
John Peter Clay (*subject to completion of formalities*)		54 Ebury Mews, London SW1	Director of Vickers, da Costa & Co. Bahamas Limited and of Vickers, da Costa & Co. Limited

Remuneration of each member of the Consultative Council was set at Cr$12.00 per year.

The Fiscal Council

The Fund's Statutes provide for a Fiscal Council composed of 3 members and 3 alternates, elected annually by the shareholders and eligible for re-election. Specific powers of the Fiscal Council, set forth in the Statutes and the law, include the examination of the books and documents of the Fund, the expression of an opinion to the Directors on increases of authorised and subscribed capital and on the appointment of external independent auditors. The present members of the Fiscal Council and their alternates (who are all resident in Brazil) elected at the organisational meeting of shareholders on 7th November, 1975 are as follows:—

Member	*Alternate*
Adamastor Vergueiro da Cruz	Edgard Souza Carvalho
Jayme Bulach	Severino Bandeira Cavalcanti Lins
Walter Ulrich Haagen	Waldemiro da Fonseca e Silva

Remuneration of each member of the Fiscal Council was set at Cr$12.00 per year.

Custodian

The Administrator has selected and the Fund has appointed Banco Lar Brasileiro S.A. ("the Custodian") as the custodian of all its portfolio securities and assets and the bank at which the Fund's deposit account will be maintained under an Agreement dated 12th November, 1975 and made between the Administrator, the Fund and the Custodian. Pursuant to this Agreement, the Custodian will perform the following services, *inter alia*:—

(1) take custody of and hold the certificates or other documents of title in respect of the securities comprising the portfolio of the Fund;
(2) receive the income in respect of such portfolio securities;
(3) pay and receive the necessary monies in respect of the purchase or subscription and sale or redemption of the Fund's portfolio assets;
(4) open and maintain a bank deposit account for the Fund.

The Custodian will be entitled to be reimbursed for certain direct expenses and to be paid an annual fee equal to one per cent. of the market value of the securities held in custody but not exceeding one quarter of one per cent. of the net asset value of the Fund as calculated in accordance with the Regulations. This Agreement will continue for as long as the Portfolio Management Agreement remains in effect but the Fund may at its option terminate this Agreement in certain circumstances.

The Custodian was incorporated under the laws of Brazil in Rio de Janeiro on the 19th October, 1925 for an unlimited duration. It has its headquarters at Rua do Ouvidor 98, Rio de Janeiro RJ, Brazil and was formed to provide home mortgage and similar facilities, but it now provides general commercial banking services. The main shareholders of the Custodian are The Chase Manhattan Bank, N.A. (85 per cent. of ordinary capital—81 per cent. of total capital) and Deutsch-Südamerikanische Bank A.G., a member of the Dresdner Bank group (10 per cent. of ordinary capital).

Subscription Agent

Under a Subscription Agent Accreditization Agreement subject to ratification as is aforesaid dated 7th November, 1975 and made between the Fund, the Administrator and the Subscription Agent, the latter has been accredited as the sole and exclusive Subscription Agent of the Fund for the placing abroad of shares in the Fund. For its services in placing the shares, the Subscription Agent is entitled to receive an initial charge by way of commission of up to a maximum of 6½ per cent. of the aggregate amount of the issue price for shares to be subscribed calculated in accordance with Article 17 of the Regulations and Brazilian foreign exchange brokerage on each individual subscription. The Subscription Agent Accreditization Agreement runs for the same period as the Portfolio Management Agreement, but may be terminated before this time in certain circumstances.

Under the Placing Agreement referred to in "Procedure for Subscription" above which relates only to the issue of Shares to members of the Selling Group, the Subscription Agent will be entitled to commission in respect of the issue of such Shares equal to one third of the initial charges in respect thereof after deducting the initial commission of the Depositary.

The Subscription Agent will remit the moneys acquired for investment in the Fund within two working days of receipt, but will not assume any liability for exchange rate fluctuations which may occur during this period.

CORPORATE INFORMATION

Share Capital

The Fund has an authorised share capital of Cr$50,000,000 divided into 50,000,000 shares of one Cruzeiro each nominal value. Of the 199,986 Shares in the Fund initially subscribed in the name of BILB at Cr$10 BILB has agreed with the Shareholders' Representative to transfer 100 to it and 86 to the proposed Investment Advisor so that Brazilian requirements may be complied with. Under the Subscription and Purchase Agreement, the Sponsors and SUIL, for themselves or on behalf of certain investors associated with or advised by them have agreed to pay the purchase moneys to BILB in respect of the remaining 199,800 shares initially subscribed by BILB (and BILB has agreed to transfer such shares to the Depositary) and have agreed with the Fund to make applications for subscriptions of at least 8,250,200 Shares to be issued to the Depositary. The number of Shares so issued, when aggregated with the number of shares the purchase moneys for which will be paid by such Sponsor or SUIL to BILB as mentioned above, will comprise a whole multiple of 10,000 Shares and the Depositary will issue one BDR in respect of each such multiple. In addition, the Sponsors, SUIL and their related investors will be entitled to make applications for subscriptions for further Shares as Selling Group members. The price to be paid to BILB for the purchase and transfer of the 199,986 Shares mentioned above is to be $232,437.32. The subscription price payable per Share subscribed under the Subscription and Purchase Agreement is to be a sum equal to the net asset value per Share of the Fund on the first day of normal banking business after the Closing Date plus a provision for foreign exchange brokerage (both of which the Subscription Agent shall pay to the Administrator on behalf of the Fund) plus an amount on account of the initial expenses (see Appendix V).

The Shares purchased and subscribed pursuant to the Subscription and Purchase Agreement will be transferred and allotted to the Depositary in exchange for BDRs ranking *pari passu* in all respects with the BDRs to be issued in respect of the issue of Shares pursuant to the Placing Agreement.

Each of the seven directors of the Fund holds two of the remaining fourteen Shares subscribed on incorporation.

Pursuant to the Regulations, all the shares are required to be of the same class. The shares in the Fund carry equal dividend and capital rights and each shareholder is entitled at General Meetings to one vote in respect of each share held by him.

General Meetings

The Annual General Meeting is to be held during the four month period (October to January) following the close of each financial year on the 30th September. Extraordinary General Meetings may be called at any time by the Directors. The shareholders may also convene a meeting in some cases as set out in Appendix IV hereto. All general meetings will be held at the office of the Fund in Rio de Janeiro, Brazil, except as set out in Appendix IV hereto.

Notices of such meetings will be given in accordance with Brazilian law and the Statutes of the Fund by publication in the *Diário Oficial do Estado do Rio de Janeiro* and in a Rio de Janeiro newspaper. In addition, all registered holders of shares in the Fund will receive notice of any shareholders' meeting by post. The Depositary will give BDR holders notice of such meetings by advertising the same in a Luxembourg newspaper and in the *Financial Times* or such other newspaper as the Depositary may select in accordance with Condition 11 of the terms and conditions set out in Appendix III hereto and (as described in Condition 9 thereof) BDR holders may instruct the Depositary in writing as to the exercise of the voting rights (if any) in respect of the Shares represented by the BDRs held by them.

Reports

The Annual Report of the Fund will contain audited financial statements as at 30th September of each year, with the first report scheduled for the period ending 30th September, 1976. Such reports will also be translated into English. Audited semi-annual reports, also translated into English, will also be made available to the BDR holders through the Depositary, with the first report scheduled for the period ending 31st March, 1976.

The Administrator will make available to the Shareholders' Representative, the Subscription Agent and the Depositary throughout each year unaudited monthly balance sheets. Quotations of net asset value per Depositary Share will be sent daily by cable or telex to the Subscription Agent and the Depositary, and the net asset value at the end of each month will be published in the *Financial Times* and notified to The Stock Exchange in London not later than the fifth business day of the following month. Such interim information will be made available to the holders of BDRs upon request to either the Subscription Agent or the Depositary.

Payment of Dividends

The Fund will pay such annual dividends as are approved by the shareholders in Annual General Meeting. Interim dividends may also be declared from time to time.

On remitting the dividends out of Brazil the Administrator will make the required notification to the Central Bank. The exchange rate on dividend remittance will under present regulations be the dollar selling rate, and remittances will be net of foreign exchange brokerage and withholding taxes. Foreign exchange brokerage on the first US$500,000 (or its equivalent) is at present charged at the rate of 0.1875 per cent. but is subject to change.

The Administrator will remit dividends within two working days of receipt from the Fund and neither of them assumes any responsibility for exchange rate fluctuations during this period.

Redemption of Shares

Provisions for redemption of Shares are described fully in D.L. 1401 and Articles 19 to 23 of the Regulations. Such provisions enable shareholders in the Fund to request and require a partial redemption of their holdings after three years and a full redemption of their holdings after five and one-half years, subject to withholding tax disadvantages and in some cases the imposition of supplementary withholding tax as mentioned in "Taxation" below.

However, for the reasons set out in "Investment Policies and Restrictions—Redemption" above, the Statutes of the Fund provide that no redemptions of Shares may be made prior to eight years from the effective date of registration of the respective Initial Foreign Capital Base. As mentioned, this period may be reduced by a resolution of the shareholders in general meeting.

The redemption price is the net asset value per share (see Articles 15 and 21 of the Regulations) on the first day of normal banking business after receipt by the Fund in Brazil of the request for redemption. Redemption shall be in cash and paid within ten working days of receipt of the request for redemption. The relevant foreign exchange operation and remittance of the proceeds to the Shareholders (including the Depositary) will be effected by the Administrator within two working days of the receipt of the cash proceeds from the Fund and will be at the appropriate exchange rate (currently the dollar selling rate) on the day of remittance, less foreign exchange brokerage and applicable withholding taxes. Neither the Fund nor the Administrator assumes responsibility for exchange rate fluctuations during the redemption process. Thereafter, the proceeds less appropriate deductions will be made available to the BDR holders under the terms and conditions of the BDRs (see Appendix III).

DESCRIPTION OF BDRs

The Depositary

The Depositary is a limited company incorporated on 16th April, 1970 in the Grand Duchy of Luxembourg with a duration restricted to 30 years (although this period is renewable). The BDRs will be issued pursuant to a Deposit Agreement dated 24th November, 1975 made between the Fund, the Depositary, the Administrator, the Shareholders' Representative, the Subscription Agent and the holders of BDRs from time to time. The registered and principal administrative office of the Depositary is situated at 11, Boulevard Grande-Duchesse Charlotte, Luxembourg-Ville. The share capital of the Depositary is $100,000 divided into 1,000 shares of $100 each all of which have been issued and are fully paid. Banque Bruxelles Lambert S.A. and Vickers, da Costa & Co. Limited each hold 30 per cent. of the equity in the Depositary, the remainder being held in equal shares by Banque Rothschild S.A. and Berliner Handels-und-Frankfurter Bank. The principal purpose of the Depositary as described in its Articles of Incorporation is to create and issue bearer certificates against shares of any type issued by associations, companies, other entities with legal standing or mutual funds. The Directors of the Depositary are Daniel Gillet, Marcel Declève, Justus Alenfeld, Arthur J. McSorley and Moyse Reiff. The Statutory Auditors of the Depositary are Société Audita of Chaussée de la Hulpe 177, 1170 Brussels, Belgium.

For its services in connection with the BDRs, the Depositary will be entitled to receive the remuneration detailed in Condition 19 of the terms and conditions of the BDRs (see Appendix III hereto).

Issue

Each BDR will be transferable by delivery and will be issued in denominations of 1,000 or 10,000 Depositary Shares each with coupons and talon attached. The Shares underlying the BDRs will be evidenced by official registration in the Fund's books as certified by the Directors and the Administrator, and will not be transferable or redeemable except through the express authorisation of the Depositary.

It is desirable for tax reasons for the Shares underlying each BDR to be identifiable with that BDR and accordingly the numbers of such Shares will be enfaced on such BDR.

Rights of BDR holders

The BDR holders will not be shareholders of the Fund and will not, therefore, have any rights against the Fund. They will have rights only against the Depositary and these will be incorporated in the terms and conditions of the BDRs. The terms and conditions as they will appear on the reverse of the BDRs (subject to such modifications as may be approved by the Fund, the Depositary and the Shareholders' Representative) are set out in Appendix III hereto.

The BDR holders' rights against the Depositary will include the following:—

(a) *Voting Rights*
The Depositary will publish in English in accordance with Condition 11 the text of any notice of meeting of the shareholders of the Fund as soon as possible after the Depositary receives such notice. BDR holders will not be entitled to attend, speak or vote at shareholders' meetings, since the right so to attend, speak and vote will be vested solely in the Depositary, as the holder of the Shares. However, the Depositary has delegated such rights under the Representation Agreement referred to in "Investment Policies and Restrictions—BDRs and Shareholders' Representative" above to the Shareholders' Representative. Any BDR holder will be entitled to instruct the Depositary in writing as to the exercise of the voting rights in respect of the Shares represented by the BDRs held by him and the Shareholders' Representative will be obliged under the Representation Agreement to give effect to such voting instructions. Subject thereto, the Shareholders' Representative is required to exercise its voting rights exclusively in the interests of the general body of BDR holders.

(b) *Distributions*
The Depositary will notify the BDR holders, by advertisement under Condition 11, of the remittance by the Fund of any dividends or other distributions and will make available to BDR holders, against the surrender of the relevant coupons, their proportionate shares of such dividends or distributions net of Brazilian foreign exchange brokerage, the Depositary's commission and any applicable withholding taxes.

(c) *Redemption of BDRs*
At any time after the non-redemption period specified in the Fund's Statutes, upon a BDR holder surrendering his BDR or BDRs to the Depositary together with an application (in a form satisfactory to the Depositary) for the redemption of all of the Shares underlying the BDR surrendered, the Depositary will as soon as practicable request the Fund to redeem all the Shares underlying such BDR and will make available the redemption moneys arising therefrom (net of Brazilian foreign exchange brokerage, the Depositary's redemption commission and any other applicable withholding taxes) to the surrendering BDR holder within 14 days of the receipt thereof.

(d) *Conversion into Shares*
Each BDR holder will be entitled to require at any time that the Shares underlying his BDR be registered in his name, within 14 days of the surrender of his BDR to the Depositary upon payment of the surrender charge of the Depositary. However, it should be noted that no listing for Shares not represented by BDRs, on The Stock Exchange in London or elsewhere, has been applied for, since under present Brazilian laws and regulations different

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rights could attach to different shares. It is therefore most unlikely that a proper market will exist for such shares. Consequently, a BDR holder who converts his BDRs into shares will deprive himself of an element of marketability. Furthermore, if some, but not all, of the shares representing a unit of registration with the Central Bank were sold, it is thought that the effect of Article 26 of the Regulations might be to render the capital represented by not only the shares so sold but also the remaining shares incapable of repatriation out of Brazil.

Reports

Copies of the balance sheet and accounts of the Fund will be made available to BDR holders before the Annual General Meeting, and the annual report will be made available on publication after the Annual General Meeting, in either case at the request and the expense of the BDR holder.

U.K. EXCHANGE CONTROL

For United Kingdom Exchange Control purposes the BDRs (and the underlying Shares) will be regarded as "foreign currency securities" as defined in Exchange Control Notice EC 7 (Second Issue) as amended. Consequently, subscriptions and purchases by or on behalf of residents of the United Kingdom for Exchange Control purposes must, in the absence of specific consents to the contrary, be made with investment currency beneficially owned by such residents and the transaction must be effected through an Authorised Depositary.* Furthermore, all BDRs (or certificates representing Shares in the event of the conversion of BDRs into Shares in accordance with the terms and conditions of the BDRs) must:—

(a) if held in the United Kingdom, by whomsoever owned, be kept in the custody of an Authorised Depositary, or

(b) if held outside the United Kingdom by or to the order (whether directly or indirectly) of a person resident in the United Kingdom be kept in the custody of an Authorised Depositary (which includes, in a case where the certificates of title are held outside the United Kingdom, their being held to the order of an Authorised Depositary).

*Authorised Depositaries are listed in the Bank of England's Notice EC 1 and include Banks and Stockbrokers in, and Solicitors practising in, the United Kingdom, the Channel Islands or the Isle of Man.

If any of the BDRs (or, if applicable, the underlying Shares) are sold or redeemed by or on behalf of a United Kingdom resident and the transaction is effected through an Authorised Depositary, under current Exchange Control regulations 75 per cent. of the foreign currency net proceeds of sale or redemption would be eligible for use as investment currency in accordance with Notice EC 7 (Second Issue) as amended, and the balance of 25 per cent. would be required to be converted into sterling at the official rate.

PROHIBITION ON SALES IN THE UNITED STATES OF AMERICA

Neither the Shares nor the BDRs have been registered under the Securities Act of 1933 of the United States of America and none of them may be offered or sold directly or indirectly in the United States (which term includes the territories, possessions and all areas subject to the jurisdiction of the United States of America) or to nationals or residents thereof or to persons normally resident therein as part of the distribution of the issue to which these Particulars relate. Any re-offers or resales of Shares or BDRs in the United States or to nationals or residents thereof or to persons normally resident therein after the distribution of such issue has been completed must be made in compliance with the registration requirements of the Securities Act of 1933 or pursuant to an exemption therefrom: and the availability of any such exemption would depend on the facts and circumstances existing at the time of such re-offers and resales.

The Sponsors and the Subscription Agent have represented and agreed that, in connection with the distribution of Shares and BDRs, they have neither offered nor sold and will not offer or sell any Shares or BDRs directly or indirectly in the United States or to nationals or residents thereof or to persons normally resident therein. Each member of the Selling Group has represented and agreed that in connection with the distribution of Shares and BDRs it has neither offered nor sold and will not offer or sell any Shares or BDRs directly or indirectly in the United States or to nationals or residents thereof or to persons normally resident therein. However, offers or sales of Shares and BDRs may be made on certain conditions to persons outside the United States who are not nationals or residents thereof or to persons normally resident therein through United States agents or fiduciaries.

TAXATION

The paragraphs headed "Brazilian Tax", "United Kingdom Tax" and "Luxembourg Tax" below are based upon the law and practice currently in force and are subject to changes therein. Investors should, however, consult their professional advisers on the possible tax consequences under the laws of their country of citizenship, residence or domicile of acquiring, holding or selling either BDRs or Shares.

Brazilian Tax

The Sponsors and BILB are advised that the Fund will not be chargeable to tax on any income or capital gains arising to it in Brazil as long as all legal requirements are complied with.

Withholding tax on dividends is imposed on the remittance of dividends, bonuses and capital gains by the Fund to its shareholders outside Brazil, and is described fully in D.L. 1401 and Chapter VII (Articles 40 to 45) of the Regulations.

Under D.L. 1401 and Articles 42 and 43 of the Regulations the basic rate of withholding tax on both dividends and cash bonuses, and also on capital gains, is fifteen per cent. However, provided that the whole of the Initial Foreign Capital Base relating to the Shares in respect of which such payments are made remains in Brazil for a period of at least six years from the date of its registration, then the withholding tax is decreased to twelve per cent. Thereafter the rate is further reduced by two per cent. for each additional year until the end of the eighth year, after which there is a uniform rate of withholding tax at eight per cent. In addition, when eight years have elapsed after the date of registration of the Initial Foreign Capital Base, no Brazilian supplementary tax (as described in the next paragraph) will apply.

The general rule imposed by D.L. 1401 and Article 45 of the Regulations is that a supplementary withholding tax will be charged on all dividends, cash bonuses and capital gains remitted from Brazil, if, in any one year, the aggregate net amount remitted, less the withholding tax referred to in the previous paragraph, exceeds 12 per cent. of the Initial Foreign Capital Base. Nevertheless, it is provided that as much as 30 per cent. may be remitted in any one year provided that the excess over 12 per cent. does not exceed the cumulative amount by which such remittances in previous years have fallen short of the amount which could have been distributed without the incidence of supplementary tax.

It should be noted, however, that since capital gains are only deemed to be remitted after an Initial Foreign Capital Base has been repatriated in full, any remittance at all made during the first eight years from the registration of the Initial Foreign Capital Base would first be treated as remittance of Initial Foreign Capital Base and would have the result that the rate of withholding tax applicable to all subsequent remittances of dividends, cash bonuses and capital gains would be the rate prevailing at the date of such remittance, apart from any supplementary withholding tax consequences.

United Kingdom Tax

At present there is no double tax treaty between the United Kingdom and Brazil relating to dividend payments. However, the Sponsors have been advised that the United Kingdom Inland Revenue should, by way of unilateral relief, allow a credit for the Brazilian withholding tax on the dividends paid out by the Fund against any United Kingdom income or corporation tax computed by reference to those dividends.

The BDRs and the underlying Shares are chargeable assets for the purposes of United Kingdom taxation of capital gains. Accordingly, any disposal or deemed disposal of BDRs or shares or redemptions of shares by holders resident or ordinarily resident in the United Kingdom may give rise to a chargeable gain. Non-domiciled persons may be charged to capital gains tax in the United Kingdom only if they remit the proceeds from the disposal or redemption to the United Kingdom. The Sponsors have been advised that where a redemption results in liability to Brazilian withholding tax in respect of the remittance of a capital gain element (see above), such tax should be allowed by the United Kingdom Inland Revenue as a credit against United Kingdom tax on a chargeable gain arising on such redemption in the year of assessment or accounting period in which such remittance occurs.

Steps have been taken by the United Kingdom and Brazilian authorities to negotiate a double tax treaty covering income tax, corporation tax and capital gains tax levied by both states. It is not possible to predict what provisions such a treaty would contain or even whether such a treaty will be entered into. **Nevertheless, it is emphasised that the position outlined above may be materially altered if such a treaty is agreed.**

Luxembourg Tax

The issue by the Depositary of, and the transfer by BDR holders of, the BDRs will not be subject to any Luxembourg issue, transfer or stamp taxes or duties and no Luxembourg income tax, capital gains tax or estate duty will be payable with respect to the BDRs or the underlying Shares by BDR holders, except for BDR holders who are domiciled in or are residents of or have a permanent establishment in the Grand Duchy of Luxembourg.

AUDITORS' REPORT

The following is a copy of a report received by the Directors of the Fund from its Auditors:—

To the Board of Directors
The Brazil Fund S.A.
Sociedade de Investimento—D.L. No. 1401

12th November, 1975.

Dear Sirs,

We report that The Brazil Fund S.A.—Sociedade de Investimento—D.L. 1401 was incorporated in Brazil on 7th November, 1975 as a limited liability company and on that date it issued 200.000 shares of Cr$1.00 each for cash at Cr$10.00 per share. The company received permission to operate as an investment company on 10th November, 1975.

No accounts have been prepared for submission to members and no dividends have been declared or paid.

Yours faithfully,

PRICE WATERHOUSE PEAT & CO.
Independent Accountants.

APPENDIX I

English Translation of
THE STATUTES OF
THE BRAZIL FUND S.A.
—Sociedade de Investimento—D.L. No. 1401

Art. 1—THE BRAZIL FUND S.A.—SOCIEDADE DE INVESTIMENTO—D.L. No. 1401 is a "sociedade anonima" (joint-stock company) with authorised capital and shall be governed by these Statutes and by those statutory provisions applicable to it, and, in particular, by D.L. No. 1401 of May 7, 1975 and the Regulations for the implementation thereof, and, in so far as applicable, by Law No. 4595 of December 31, 1964, and Law No. 4728 of July 14, 1965, as well as by any other statutory provisions applicable to financial institutions.

Art. 2—The Company has its head office in the City of Rio de Janeiro, capital of the State of the same name.

Art. 3—The duration of the Company is indefinite.

Art. 4—The Company shall have as its objects the application of its capital to a diversified portfolio of securities in accordance with the provisions of the regulations in force.

§1—The portfolio of securities shall be administered by an investment bank or stockbroking company under an Agreement having a duration of not less than 5 (five) years and which Agreement shall only enter into effect solely after approval thereof by the Central Bank of Brazil.

§2—The securities making up the portfolio of the Company shall be in the safe-keeping of a commercial bank or investment bank or Stock Exchange and the liquid assets shall be deposited in a commercial banking establishment.

§3—Application of capital by the Company shall be effected in strict compliance with the rules laid down by the Central Bank of Brazil.

§4—The Company shall not have more than 15% (fifteen per cent.) of its funds invested in any shares and debentures which are not actually negotiated on recognised Stock Exchanges.

Art. 5—The Company shall not

(a) place its shares in the Brazilian market otherwise than as specifically provided in current regulations applicable to the incorporation and operation of investment companies;

(b) accept deposits;

(c) purchase real estate;

(d) contract or make loans of any kind;

(e) take part in rediscounting operations even as joint obligor;

(f) engage in any form of manipulation of prices;

(g) give guarantee, surety or acceptance or in any other manner become joint obligor;

(h) use the securities forming the portfolio for deposit, loan, mortgage or pledge;

(i) apply funds abroad;

(j) sell short;

(l) apply funds to securities issued or in any way guaranteed or accepted by the administrator itself or by entities connected therewith according to the interpretation of such connection as defined in current regulations;

(m) apply funds to investment fund units or to shares issued by other investment companies;

(n) apply funds to shares issued by security distribution companies, by stockbroking companies, by holding companies, including credit card administration companies, by insurance companies, or by financial institutions as specified in Article 17 of Law No. 4595/64, save only those holding companies registered as open capital companies;

(o) charge as expenses of the Company any expenditure on advertising for the purpose of obtaining funds abroad, since such expenditure shall be treated as cost of obtaining funds and as such shall be included in the agreed commission for services rendered in remuneration of the subscription agent.

Art. 6—The authorised capital of the Company is Cr$50,000,000.00 (fifty million cruzeiros), divided into 50.000.000 (fifty million) ordinary registered, unendorsable, shares of a par value of Cr$1.00 (one cruzeiro) each.

§1—The following shall require the approval of the General Meeting of Shareholders and of the Central Bank of Brazil:

(a) increase in the total amount of the authorised capital;

(b) increase in the subscribed capital by means of capitalisation of reserves.

§2—Any increase in the amount of paid-up capital shall be decided upon by resolution of the Board of Directors, after consultation with the Fiscal Council.

§3—Any increase in the paid-up capital shall be effected by a single payment in full at the time of subscription.

§4—The shareholders shall not have any preference, since the subscription price or purchase price of the shares shall be calculated daily and determined from the net worth, on the relevant date, of the Company, divided by the number of shares in circulation.

§5—Such part of the subscription or purchase price of each share as exceeds the par value of Cr$1.00 (one cruzeiro) shall be treated as surplus capital.

§6—The Company shall purchase shares issued by itself only if 8 (eight) years have elapsed (or such shorter period as may be determined by the General Meeting, provided always that there is no breach of the relevant statutory provisions at the time in force) since the date of registration of the respective foreign investment with the Central Bank of Brazil.

§7—Purchase by the Company of shares issued by itself shall be effected by the application of retained earnings or of surplus capital or if such reserves are exhausted, from resources derived from the unallocated earnings account set up with capital gains realized by the Company.

§8—If the accounts mentioned in the foregoing paragraph §7 should not exist or should be insufficient to meet the purpose of purchase of shares, the Company may apply for that purpose funds from subscribed capital.

§9—In case of war, revolution, moratorium, exceptional public holidays, grave disruption of the Stock Exchange, and similar events, that make it impossible or impractical to determine the fair value of the Company's shares, the purchase of such shares by the Company shall be suspended on determination of the Board of Directors, subject to prior approval of the Consultative Council and immediate advice of the Central Bank of Brazil.

§10—Issues of shares for increasing the subscribed capital must not be made until all treasury stock purchased as provided for in §7 and §8 of this Article has been placed.

§11—The Company has a period of 360 days in which to place again shares purchased in the manner provided for in §9 of this Article. Thereafter any shares remaining shall be withdrawn from circulation by means of reduction of the subscribed capital.

§12—The Company may issue multiple-share certificates and may temporarily issue receipts in their stead.

§13—Transfers of shares and any splitting of receipts and certificates shall be performed free of charge.

Art. 7—A shareholder resident abroad may effect abroad transfer of his shares in the Company, by means of an acceptable document which shall not take effect vis-à-vis the Company until lodged with the administrator in due form and in compliance with these statutes and the pertinent legal provisions.

§1—When a transfer application in accordance with the terms of this Article is lodged with the administrator, that transfer must be made effective within a period not exceeding 5 (five) days.

§2—Upon a transfer as prescribed in the last foregoing paragraph being made effective, application for amendment of the registration of foreign capital to record the name of the new shareholder shall be made within a period of 15 (fifteen) days from the date of the transfer.

§3—The share transfer services may be suspended for a period not exceeding 15 (fifteen) consecutive days before the dates of distribution of dividends but the suspension of those services shall not in any one year exceed 90 (ninety) days.

§4—In accordance with the relevant regulations, the registration of foreign capital arising from transfers as referred to in this Article shall retain the same date of subscription or purchase of the shares and the same date for the purpose of calculating the period for which that capital is held in this country as the transferred registration.

Art. 8—The mobilization of funds abroad for subscription or purchase of shares of the Company shall be effected through subscription agents accredited abroad by the administrator under accreditation agreements which shall come into operation only after registration with the Central Bank of Brazil.

Sole Paragraph—Only institutions legally permitted to operate in the financial or capital markets of the country of their head office may be accredited as subscription agents.

Art. 9—The Company shall be administered by a Board of Directors comprised of between 2 (two) and 9 (nine) Directors. There shall be a President and a General Manager and all other members of the Board of Directors, if the offices are filled, shall be Directors without any special title. The members of the Board of Directors may or may not be shareholders and they shall be resident in Brazil and elected by the General Meeting, which shall decide on their respective remuneration.

Art. 10—The term of office of a member of the Board of Directors is 2 (two) years and he may be re-elected.

Art. 11—Upon the expiration of their term of office the Directors shall continue to discharge their duties until the persons replacing them take up office.

Art. 12—As guarantee for his management each Director shall deposit 10 (ten) shares of the Company, whether belonging to himself or to another person, and these shall be released only after final approval of his accounts by the General Meeting.

Art. 13—Appointment to the office of Director shall take effect when recorded and signed in the Minute Book for Meetings of the Board of Directors after the guarantee mentioned in the last foregoing article has been provided and exercise of the functions of the office shall not be taken up until the appointment has been approved by the Central Bank of Brazil.

Art. 14—If either is absent or is temporarily or occasionally unable to attend, the President and the General Manager shall each act in the place of the other. If both are simultaneously absent or unable to attend the Director designated by the General Manager shall act in their stead. The Directors without special title shall if the offices are filled be replaced in the event of absence or inability to attend by the Director designated by the General Manager.

Art. 15—In the event of vacancy in any of the offices on the Board of Directors replacement shall be effected from among its members in the same manner as provided in the last foregoing article, until the next General Meeting is held, when that General Meeting shall appoint a permanent replacement, who shall perform the duties for the remaining period of the term of office of the person replaced.

Art. 16—The Board of Directors shall meet together for an Ordinary Meeting every 3 (three) months and for an Extraordinary Meeting when called by the President or his replacement, by letter or telegram, not less than 1 (one) day beforehand.

§1—The "quorum" for meetings shall be the absolute majority of the Directors elected and they may arrange to be represented at meetings by any Director appointed proxy by power of attorney, letter or telegram.

§2—Resolutions shall be adopted by the assent of the majority of the persons present and the President shall have a casting vote.

Art. 17—For the purpose of achievement of the objects of the Company the Board of Directors shall be vested with full powers, including those of contracting obligations, making settlement and waiving and surrendering rights, and in addition to the powers and duties assigned to them by law they shall have the following powers and duties:

(a) to examine monthly statements and to authorise their publication upon signature thereof by not fewer than two Directors;

(b) to cause the half-yearly accounts to be drawn up and to produce the annual Report and to publish these with signature of the Board of Directors thereon;

(c) to decide as to increases of paid-up capital, after consultation with the Fiscal Council;

(d) after consultation with the Fiscal Council, to engage external audit services, to be rendered by an independent auditor registered with the Central Bank of Brazil.

§1—Acts which create liabilities for the Company or free third parties from liabilities to the Company shall be valid only if signed or executed:

(a) by the President and the General Manager jointly, or by one of them jointly with another Director; or

(b) by the President or by the General Manager, jointly with an attorney vested with specific powers; or

(c) by an attorney acting alone and within the scope of his specific powers.

§2—In granting powers of attorney the Company shall be represented by the President, or his replacement, and by the General Manager, or his replacement, acting jointly, or by one of those officers, or his replacement, acting jointly with another Director.

§3—All powers of attorney, except in legal matters and except powers granted to other institutions operating in the financial market or the capital market, shall have a term of validity not longer than 1 (one) year.

Art. 18—In addition to the powers and duties conferred by law and in these Articles, the specific responsibilities of each Director shall be as follows:

I—of the President

(a) he shall call, and act as chairman of, General Meetings and meetings of the Board of Directors;

(b) he shall use his best endeavours to secure observance by the Company and by its executives of these Statutes and of the Resolutions of the General Meeting and also of the statutory provisions in force;

(c) he shall represent the Company either actively or passively and both judicially and extra-judicially;

II—of the General Manager

(a) he shall supervise the performance of the activities of the Company;

(b) he shall supervise relations between the Company and its shareholders;

III—of the Directors without special title, if the offices are filled: they shall discharge the duties assigned to them by the Board of Directors.

Art. 19—The Board of Directors shall be assisted by a Consultative Council comprised of not fewer than 3 (three) and not more than 9 (nine) members, who may or may not be shareholders and who shall be elected by the General Meeting for a term of 2 (two) years and who may be re-elected.

Art. 20—The appointment of members of the Consultative Council shall take effect when recorded in the Minute Book for Meetings of the Consultative Council.

Art. 21—The remuneration of members of the Consultative Council shall be decided by the General Meeting.

Art. 22—The Consultative Council shall render opinions on the following matters:

(a) observance of the Management Agreement by the administrator (Art. 4, §1);

(b) investment policies adopted by the said administrator;

(c) specific operations of the Company, if any of the following possible cases of conflict of interests should arise:

I—purchase by the Company, during the issue or placing stage, of securities in whose issue or placing the said administrator or a company related to the said administrator according to the definition contained in Art. 39 (in the wording at the date of incorporation of the Company) of the Regulations attached to Resolution No. 323, dated May 8, 1975, of the Central Bank of Brazil has an interest;

II—purchase by the Company of securities belonging to the administrator or companies as mentioned in the last foregoing sub-paragraph or to Directors or executives thereof or even to relatives of such Directors or executives as far as the second degree of kinship;

III—purchase by the Company of securities belonging to investment funds administered by the administrator or by companies as mentioned in sub-paragraph I or belonging to other investment companies whose portfolios are administered by the said administrator or companies;

IV—sale of securities by the Company to any of the persons or bodies mentioned in the 3 (three) foregoing sub-paragraphs.

Art. 23—A meeting of the Consultative Council shall be held when called by any of its members, by letter, telex or telegram not less than 1 (one) day beforehand. Nevertheless, notice shall not be required if all the members of the Council are met together.

§1—The "quorum" for meetings shall be the absolute majority of the members of the Council elected and they may arrange to be represented at meetings by any other member of the Council designated by means of power of attorney, letter, telex or telegram.

§2—Decisions shall be adopted by the majority vote of the persons present and the eldest of them shall have a casting vote.

Art. 24—An Ordinary General Meeting shall be held within the four months following the close of the trading year of the Company and an Extraordinary General Meeting shall be held when necessary. The statutory requirements regarding the calling and holding of General Meetings shall be observed.

Art. 25—A General Meeting shall be opened by one of the Directors and the President or his replacement shall act as chairman and shall choose one of the shareholders to act as Secretary to the meeting.

Art. 26—The Fiscal Council shall be comprised of 3 (three) full members and an equal number of alternates. These persons may or may not be shareholders and they shall be elected each year by the Ordinary General Meeting, which shall decide their remuneration. They may be re-elected.

Art. 27—In the event of inability to attend or absence or in the case of vacancy of the appointment, full members of the Fiscal Council may be replaced by the alternates in order of age, commencing with the eldest.

Art. 28—The trading year of the Company shall end on September 30 each year. Monthly statements and half-yearly accounts shall be drawn up, the latter as at March 31 and September 30 of each year.

Art. 29—The Company shall adopt solely and consistently throughout its life the "special standards for the computation, accounting treatment and distribution of earnings" provided for in Chapter VI of the "Standardisation of Accounts" of investment companies contained in Circular No. 272, dated September 30, 1975, of the Central Bank of Brazil.

§1—The net profits shall be assigned as follows:

(a) 5% (five per cent.) to form the Legal Reserve, until this reaches 20% (twenty per cent.) of the subscribed capital;

(b) the remainder shall be available for assignment by the General Meeting, which shall resolve the matter on a motion put by the Board of Directors.

§2—The Board of Directors may, ad referendum of the Ordinary General Meeting, distribute dividends based on profits ascertained in the half-yearly accounts of the Company.

§3—Any sums from net profits remaining after the distribution of dividends or cash bonuses shall be used by the Company for any of the following:

(a) purchase of shares issued by the Company itself, such purchase complying with the provisions of the relevant regulations;

(b) additional distribution of dividends or cash bonuses to the shareholders;

(c) inclusion in the capital of the Company, subject to compliance with the provisions of §2 of Article 11 and of Articles 28 and 29 of the Regulations attached to the aforementioned Resolution No. 323.

Art. 30—Surplus capital shall only be used for purchases of shares issued by the Company itself in the manner prescribed in the regulations in force.

Art. 31—The Company shall each day inform the Rio de Janeiro Stock Exchange, for the purpose of publication, of the net worth of the Company and the value of each share.

Art. 32—The shareholders shall, in the form prescribed by the regulations in force, be supplied with half-yearly information on the accounts and analyses of results and the composition of the portfolio of securities.

Art. 33—Not later than on the 15th day of each month the Company shall forward to the Central Bank of Brazil the balance sheet for the previous month, together with the breakdown of the composition of the portfolio and any other information required under the provisions in force.

Art. 34—In compliance with the relevant rules of the law, the Company shall be wound up if any of the circumstances in which the law requires its winding up should apply.

Sole Paragraph—The General Meeting, convened and constituted in accordance with the requirements of the law, shall be responsible for determining the winding up procedure and appointing the Liquidator and the Fiscal Council which is to function during the liquidation period.

APPENDIX II

ENGLISH TRANSLATION—PUBLISHED BY THE CENTRAL BANK OF BRAZIL

DECREE LAW No. 1401 of MAY 7, 1975

Deals with exemption from income tax of investment companies whose capital is held by individuals or legal entities resident or domiciled abroad, regulates the fiscal treatment of income generated by investments in shares of such companies and contains other provisions.

The PRESIDENT OF THE REPUBLIC, exercising the authority conferred upon him by Article 55, item II, of the Federal Constitution,

DECREES

Art. 1—The Investment companies referred to in Article 49 of Law No. 4728 of July 14, 1965, whose capital is held in whole or in part by individuals or legal entities resident or domiciled abroad, shall benefit from the exemption from the federal income tax provided for in Article 18 of Decree-Law No. 1338 of July 23, 1974 only if they comply with the rules and regulations which may be issued by the National Monetary Council concerning the entry into the country of foreign resources intended for the subscription or acquisition of shares issued by such investment companies, such regulations dealing with:

I—the minimum term during which such foreign capital shall reside in the country; and

II—the system for registration of such foreign capital and income derived therefrom.

Sole Paragraph—The investment companies covered by the provisions of this article shall maintain their reserves in specific accounts in accordance with rules promulgated by the National Monetary Council, and shall be subject to the following fiscal regime:

I—those reserves in excess of the subscribed capital of the investment company shall not be subject to the income tax dealt with in §1 of Article 2 of Law No. 1474 of November 26, 1951, with the amendments introduced by Article 6 of Law No. 4862 of November 29, 1965;

II—the provisions of Article 3 of Decree-Law No. 1109 of June 26, 1970, with the exception of the provisions of Paragraphs 3 and 4 of said article, shall be applicable to increases in the capital of any investment company realized through the capitalization of reserves; and

III—profits and dividends distributed by investment companies shall not be subject to the taxation prescribed by Article 38 of Law No. 4506 of November 30, 1964, as amended by Article 11 of Decree-Law No. 94 of December 30, 1966.

Art. 2—Cash dividends or bonuses distributed by the investment companies dealt with in this Decree-Law to shareholders resident or domiciled abroad shall be subject to an income tax withheld at source at the rate of 15% (fifteen per cent.), except as provided in Articles 5 and 6.

Art. 3—Provided the conditions established by the National Monetary Council are met, the proceeds of the conversion into foreign currency of the amounts in Cruzeiros generated by the sale by individuals or legal entities resident or domiciled abroad of shares issued by investment companies dealt with by this Decree-Law may be repatriated without incidence of the tax referred to in §1 of this Article in amounts less than or equal to the amount of the respective initial foreign currency investment registration.

§1—Amounts in Cruzeiros generated by the sale of shares issued by investment companies in excess of the respective initial foreign currency investment shall be subject to an income tax on capital gains withheld at source at the rate of 15% (fifteen per cent.), except as provided in the following articles.

§2—For the purpose of taxation, the investment company shall be considered the source of payment of the capital gain.

Art. 4—Capital gains realized by persons resident or domiciled abroad on investments in foreign currency which are not covered by this Decree-Law shall continue to be subject to taxation at source at the rate of 25% (twenty five per cent.).

Art. 5—The income referred to in Article 2 and in §1 of Article 3 generated by investments maintained in Brazil in their entirety for the periods specified below, counted from the date of the respective initial investment registration, shall be subject, after completion of the sixth year of residence in Brazil without any investment repatriation, to income taxation withheld at source in accordance with the following rate schedule:

Residence Period	Rate
Over 6 and up to 7 years	12%
Over 7 and up to 8 years	10%
Over 8 years	8%

Art. 6—Amounts of cash dividends or bonuses and of capital gains, net of the income tax provided for in the preceding Articles, shall be subject to a supplementary income tax if, on the occasion of their actual remittance abroad, they exceed, in any fiscal year, 12% (twelve per cent.) of the amount of the initial investment in foreign currency registered in the name of the shareholder, in accordance with the following rate schedule:

1. Amounts over 12% (twelve per cent.) and up to 15% (fifteen per cent.) 40%
2. Amounts over 15% (fifteen per cent.) and up to 25% (twenty five per cent.) 50%
3. Amounts over 25% (twenty five per cent.) 60%

§1—In each fiscal year, the amounts remitted may exceed by as much as twofold the limit prescribed in this Article without incidence of the supplementary tax, provided the excess which is remitted corresponds to the negative difference between amounts actually remitted in previous years and the amounts resulting from the application of the percentage established in the initial portion of this Article.

§2—The supplementary income tax dealt with in this article, as well as the provisions of Article 43 of Law No. 4131 of September 3, 1962, as amended by Article 1 of Law No. 4390 of August 29, 1964, shall not apply to cash dividends and bonuses or to capital gains remitted abroad after the completion of eight years following the date of registration of the initial investment effected in accordance with the provisions of this Decree-Law.

he Brazil Fund S.A. (continuation 3)

Art. 7—Any investment company which fails to comply with applicable regulations prescribed he National Monetary Council shall lose the right of tax exemption established in Article 1; and the me generated by such investment company shall become subject to income taxation at source or in tion of the annual declaration of income in accordance with the rate schedules applicable to other l entities.

Sole Paragraph—In the case contemplated in this Article, the Central Bank of Brazil shall propose e Federal Revenue Secretariat the assessment of the income tax due.

Art. 8—This Decree-Law shall enter into effect as of the date of its publication, and all provisions he contrary are hereby revoked.

Brasilia, May 7, 1975; 154th of
Independence and 87th of the Republic

ENGLISH TRANSLATION—PUBLISHED BY THE CENTRAL BANK OF BRAZIL

RESOLUTION No. 323

The CENTRAL BANK OF BRAZIL, acting in accordance with the provisions of Article 9 of v No. 4595 of December 31, 1964, proclaims that the National Monetary Council, at its session he present date, with due regard to the provisions of Article 4, clauses V and VIII, of the referenced v, of Article 49 of Law No. 4728 of July 14, 1965 and of Decree-Law No. 1401 of May 7, 1975, SOLVED:

I. To issue the attached Regulations governing the formation, management, authorization to operate and operations of investment companies especially constituted for the mobilization of foreign resources with a view to their investment in the capital market, and to establish the respective system for the registration of foreign investments and for the remittance abroad of income, and as to the minimum period of residence of the respective investments in Brazil,

II. To provide that investment companies formed for the purpose of associating domestic and foreign capital for the application of resources in investments considered to be of interest for the national economy be brought within the provisions of Decree-Law No. 1401, of May 7, 1975, in accordance with rules to be established by the National Monetary Council, in each case.

achment.

Brasilia (DF), May 8, 1975
Paulo H. Pereira Lira
President

GULATIONS ATTACHED TO RESOLUTION NO. 323 OF MAY 8, 1975, GOVERNING E FORMATION, MANAGEMENT, AUTHORIZATION TO OPERATE AND OPERATIONS INVESTMENT COMPANIES ESPECIALLY CONSTITUTED FOR THE PURPOSE OF BILIZING FOREIGN RESOURCES FOR APPLICATION IN THE CAPITAL MARKET D ESTABLISHING THE RESPECTIVE SYSTEM FOR THE REGISTRATION OF FOREIGN ITAL AND FOR THE REMITTANCE ABROAD OF PROFITS AND FOR THE MINIMUM IOD OF RESIDENCE OF INVESTMENTS IN BRAZIL

CHAPTER I
FORMATION

Section A
Definition

Art. 1—The investment companies referred to in Item I of Resolution No. 323 of May 7, 1975 l be established in the form of authorized capital corporations, as provided in Articles 45 through of Law No. 4728 of July 14, 1965, all their capital shall be represented by non-endorseable tered common shares, and their names shall contain the expression "INVESTMENT COMPANY .L. No. 1401".

Art. 2—The investment companies dealt with herein shall form part of the securities placement em of the capital market and shall be governed by these Regulations, by Decree-Law No. 1401 of 7, 1975 and by applicable provisions of Laws Nos. 4595 of December 31, 1964, and 4728 of 14, 1965, as well as the other laws and regulations relating to financial institutions.

Section B
Purpose

Art. 3—Investment companies shall have as their purpose the investment of capital in a diversified rities portfolio, as provided herein.

Section C
Authorization for Formation

Art. 4—The formation of an investment company shall require prior authorization by the Central nk of Brazil, issuable at the discretion of that Agency to investment banks or brokerage firms which t all the following general conditions:

(a) Net worth of not less than Cr$5,000,000.00 (five million cruzeiros), in the case of brokerage firms;

(b) Demonstrated experience in the management of an investment fund;

(c) Technical department specialized in economic and financial analysis, under the direct supervision and responsibility of a director of the institution; and

(d) Presentation of a detailed explanatory memorandum regarding the feasibility of the company it proposes to form.

§1—In the case of a financial group which includes an investment bank, the authorization to form nvestment company shall be granted only to that institution.

§2—Authorization to form a new investment company shall be granted to the same financial itution only if the investment company previously formed shall have attained a net worth of 50,000,000.00 (fifty million cruzeiros), or if the institution concerned shall demonstrate to the tral Bank of Brazil that there are firm commitments to subscribe for shares in the new company in amount equal to or greater than Cr$50,000,000.00 (fifty million cruzeiros), within 10 (ten) days n the date of issuance of authorization for its formation.

§3—In order to comply with the special condition set forth in Item (a) of this Article, the combined worth of 2 (two) brokerage firms controlled by the same shareholders may be employed, in which both shall be jointly and severally responsible for compliance with these Regulations.

CHAPTER II
MANAGEMENT

Art. 5—Management includes:

(a) Management of the company, which shall be the responsibility of the Board of Directors provided for in the corporate charter, elected by the general meeting of shareholders; and

(b) Management of the securities portfolio of the company, which shall be the responsibility of an investment bank or brokerage firm which complies with the applicable requirements of Article 4 of these Regulations.

Sole Paragraph—Portfolio management shall be carried out by an investment bank, if the financial up concerned includes a financial institution of that type.

Art. 6—The taking of office by Directors and members of other bodies provided for in the charter an investment company, as well as all charter amendments, shall require the approval of the Central nk of Brazil.

Art. 7—In the case of investment companies in formation, the management shall be named by the scribers to the initial capital of the company, to hold office for the terms set forth in the company's rter.

Art. 8—A portfolio management agreement shall be entered into between the investment company d the institution responsible for portfolio management, which shall take effect only after approval the Central Bank of Brazil, and which shall include at least the following provisions:

(a) dates of commencement and termination of the portfolio management agreement and provisions dealing with its renewal;

(b) the services which the managing institution will perform for the investment company, in strict compliance with the provisions of these Regulations, the corporate charter, and current legislation and regulations;

(c) the compensation for the services of the managing institution and manner in which it will be paid;

(d) the conditions for the replacement of the managing institution; and

(e) a reference to the general meeting of shareholders or act of incorporation of the investment company which approved the management agreement.

Art. 9—The Central Bank of Brazil may, at any time, remove the institution responsible for rtfolio management for failure to comply with the provisions of these Regulations or of other plicable current legislation and regulations.

CHAPTER III
CAPITAL

Art. 10—Each investment company shall have a paid-in capital of at least Cr$200,000.00 (two undred thousand cruzeiros) at the time of its formation, in accordance with the provisions of Paragraph I of Article 11 of these Regulations, and a maximum authorized capital of Cr$50,000,000.00 fty million cruzeiros).

Art. 11—The following rules shall be observed in connection with the formation of investment mpanies and increases in their capital.

(a) shares subscribed shall be paid-in in cash;

(b) payment shall be made in full at the time of subscription; and

(c) amounts received from subscribers to the initial capital of the investment company for the purpose of its formation shall be deposited with the Central Bank of Brazil, and shall be released immediately when the related application is acted upon; payments resulting from subsequent capital subscriptions shall be exempt from this provision, and therefore immediately available.

§1—The initial capital subscription shall be made at Cr$10.00 (ten cruzeiros) per share, each share all have a par value of Cr$1.00 (one cruzeiro), and the premium of Cr$9.00 (nine cruzeiros) per share all be considered capital surplus.

§2—Increases in authorized capital, as well as increases in capital of investment companies through e capitalization of reserves shall require prior approval of the Central Bank of Brazil, as provided in ese Regulations.

Art. 12—The operation of investment companies shall require authorization of the Central Bank Brazil, which shall be granted for an indefinite period of time, provided the following requirements, particular, are met:

(a) the initial capital of the investment company shall be subscribed for and paid-in by an investment bank or brokerage firm which complies with the conditions set forth in Article 4 of these Regulations, provided that the participation of persons or companies related to the subscribing financial institution shall be permitted if necessary to make up the minimum number of share-holders prescribed by law for the formation of the company;

(b) all shares in the initial capital of the investment company issued in compliance with Item (a) above shall be transferred on the occasion of the first investments by foreign investors, with the exception of shares pledged to the company by the Directors and those necessary for compliance with the legal provisions relating to representation in meetings of shareholders, and if the transfer provided for herein does not take place within 180 (one hundred eighty) days from the subscription of the shares the Central Bank of Brazil may order that the company be liquidated; and

(c) all increases in the subscribed capital of investment companies shall be reserved exclusively for subscription by individuals or legal entities resident or domiciled abroad; the placement of such shares in the domestic market is prohibited.

CHAPTER IV
FOREIGN OPERATIONS

Section A
Mobilization of Resources

Art. 13—Mobilization of resources abroad for the subscription or acquisition of shares of investment companies governed by these Regulations shall be effected through the intermediation of SUBSCRIPTION AGENTS, accredited abroad by the financial institution responsible for portfolio management, through a subscription agency agreement, which shall enter into effect only after being registered with the Central Bank of Brazil, provided that only institutions which may lawfully operate in the financial or capital markets of the country in which their principal office is situated may be accredited as SUBSCRIPTION AGENTS.

Art. 14—Subscription agency agreements shall contain at least the following provisions:

(a) a reference to the charter of the investment company, a copy of which shall be included as an integral part of the subscription agency agreement;

(b) the amount of funds to be mobilized for the subscription or acquisition of shares of the investment company;

(c) the cost of the services to be rendered by the AGENT, to be borne by the foreign investor;

(d) the minimum share subscription or acquisition per shareholder, which shall be not less than US$10,000.00 (ten thousand dollars), or its equivalent in the currency of the country of origin of the investment; and

(e) commitments of the SUBSCRIPTION AGENT:

(1) to take all steps necessary for the remittance of funds mobilized for investment in shares issued by the investment company;*

(2) to take responsibility for the remittance of funds, in accordance with instructions received from the managing institution, so as to provide all the data necessary for registration with the Central Bank of Brazil of the transfer into Brazil of such funds;

(3) not to subcontract for the subscription agency rights without prior authorization by the managing institution;

(4) to submit to the managing institution for its prior approval all advertising texts relating to the issuance of shares on the market, as well as all prospectuses and brochures to be distributed to the public;

(5) to state expressly on the document or receipt furnished to the investor at the time of investment the net value to be remitted to Brazil for actual subscription or acquisition of shares of the investment company, after deduction of all allocable charges and expenses;

(6) to insure that the investor has full understanding of the legal provisions regulating the operations of investment companies, and including in particular the provisions of these Regulations; and

(7) to comply with all legal and regulatory requirements of the country from which the funds originate relating to solicitation of funds for placement in investment company shares.

Due to an apparent oversight in the translation published by the Central Bank of Brazil, Article 14(e) (1) is incomplete and should read: "To take all steps necessary for the remittance of funds mobilized for investment in shares issued by the investment company within a maximum period of two working days after receipt."

Section B
Subscription of Shares

Art. 15—After the initial capital subscription provided for in Paragraph 1 of Article 11, the subscription or acquisition price for shares issued by investment companies shall be determined by dividing the current net assets of the company by the number of shares outstanding, it being understood that:

(a) net worth is the sum of cash plus portfolio value plus receivables minus liabilities; and that

(b) the number of shares outstanding equals the difference between the number of subscribed shares and the number of treasury shares of the respective investment company.

Sole Paragraph—The portion of the subscription or acquisition price which exceeds Cr$1.00 (one cruzeiro) shall be considered capital surplus.

Art. 16—The date of the subscription or acquisition of shares issued by investment companies shall always be the first day of normal banking business after the date of actual availability to the managing institution of the funds originating abroad.

Art. 17—The subscription or acquisition price for shares issued by investment companies shall be calculated daily, and the following criteria shall be applied in determining the value of the securities portfolio of the investment company:

(a) the value of shares traded on a securities exchange shall be determined by the average quotation on the last day the shares were traded;

(b) shares not traded on a securities exchange shall be valued in terms of net worth, determined on the basis of the last annual balance sheet of the respective enterprise, or par value, whichever is lower;

(c) in the case of new shares not yet traded on any securities exchange, and during their initial placement period of up to 1 (one) year, the value shall be that of subscription or acquisition; and

(d) the value of other securities shall be their acquisition price, increased by any interest or other income accruing to these securities over their respective terms as determined in accordance with pertinent accounting procedures established by the Central Bank of Brazil or by quotations on a securities exchange in the case of debentures convertible into shares traded daily on such exchanges.

Art. 18—In calculating the number of shares to be subscribed for by the resources transferred into Brazil, only commissions on the foreign exchange transactions authorized by applicable regulations shall be deducted.

Section C
Liquidation of the Investments

Art. 19—Amounts invested shall remain in Brazil for a minimum period of 3 (three) years, after which amounts resulting from the liquidation of the investment through the sale of the shares issued by investment companies may be remitted abroad, as provided in Articles 20 through 23 of these Regulations.

Art. 20—The foreign investor may, at any time after the expiration of the minimum period referred to in the preceding article and as provided therein, request that the investment company liquidate his investment, by so requesting in writing and returning his shares directly or through the SUBSCRIPTION AGENT.

Art. 21—The liquidation of the investment shall be effected by the purchase of the respective shares by the investment company, at the price in effect during the first day of normal banking business after the receipt of the request for liquidation by the investment company, calculated as provided in Article 15 of these Regulations.

Art. 22—The liquidation value of the investment shall be paid in cash, within 10 (ten) working days from the date the company receives the request for liquidation, and the following provisions shall apply:

(a) the purchase of its shares by the company shall be effected through the use of retained earnings or capital surplus, and shares so acquired shall be held in treasury;

(b) If the reserves of the investment company are depleted or insufficient to effect liquidations requested, the investment company may use funds from subscribed capital to acquire its shares, to be held in treasury, in accordance with the provisions of the second paragraph of this article.

§1—No shares shall be issued to increase subscribed capital until all treasury shares acquired as set forth in Items (a) and (b) of this article have been sold; priority shall be given to the sale of the shares acquired as set forth in Item (b) of this article.

§2—The investment company shall have up to 360 (three hundred sixty) days to proceed with the resale of shares acquired as set forth in Item (b) of this article, after which time the remaining shares shall be retired through a reduction of subscribed capital.

Art. 23—Liquidation of investments shall be tranched in the following manner:

(a) during each successive 6 (six) month period following the termination of the minimum residence period provided for in Article 19 of these Regulations, the investment company may acquire from a shareholder resident or domiciled abroad, shares whose total value does not exceed 20% (twenty per cent) of the foreign capital which initially entered the country and is duly registered with the Central Bank of Brazil; and

(b) beginning with the semester following that of total liquidation of the investment as provided in the preceding item, any remaining shares may be acquired by the investment company at any time, as provided in these Regulations.

Sole Paragraph—Any portion of the amount authorized for liquidation in a semester pursuant to Item (a) of this article not actually liquidated during such semester may be added to the limit on liquidations for the subsequent semester(s).

CHAPTER V
FOREIGN CAPITAL REGISTRATION

Section A
Registration of Incoming Funds

Art. 24—The amounts in foreign currency corresponding to the funds raised abroad, net of the service commissions agreed upon with the SUBSCRIPTION AGENTS, shall be remitted to Brazil by means of a payment order sent whenever possible by telex or telegram, through a bank authorized to operate in foreign exchange, and the following provisions shall be applicable:

(a) payment orders shall be sent by the SUBSCRIPTION AGENTS to the institution responsible for managing the portfolio of the investment company;

(b) the managing institution shall convert the foreign currency and invest the proceeds, net of any commission due on the foreign exchange transaction, in the subscription or acquisition of shares of the investment company, as provided in these Regulations; and

(c) any surplus of the net proceeds from the conversion of foreign currency, not sufficient for the subscription or acquisition of 1 (one) whole share, shall be returned to the investor on the occasion of the first remittance of dividends abroad.

Art. 25—Foreign currency transferred into Brazil as provided in these Regulations shall be subject to registration with the Central Bank of Brazil, for the purpose of control of incoming foreign capital, of future remittances abroad of cash dividends and bonuses, and any capital gains resulting from the sale of shares issued by the investment company and of repatriation of the capital investment.

Art. 26—The managing institution shall apply for the registration referred to in the preceding article not later than the last business day of the month following the month in which the investment was made, as follows:

(a) the managing institution shall submit to the Central Bank of Brazil—Foreign Capital Supervision and Registration Department (FIRCE), an overall list of investors, together with individual cards detailing the investment of each shareholder, in accordance with regulations to be issued by the Central Bank of Brazil, as follows:

(1) there shall be a separate foreign currency investment registration for each subscription or acquisition of shares issued by an investment company, in the name of the shareholder, in an amount not less than the minimum provided for by Article 14, Item (d), of these Regulations; and

(2) the period for residence of the investment in Brazil shall commence on the date of payment for the subscription or acquisition of shares, as set forth in the respective registration, which shall be considered the date of registration of the investment.

(b) the list referred to in the preceding item shall be delivered against receipt, and the investments shall automatically be deemed registered, without discharging the managing institution from its responsibility for the accuracy and correctness of the documents delivered and the information provided, which may be verified at any time by the Central Bank of Brazil, which, whenever necessary, shall take the appropriate steps to correct registrations and hold the managing institution responsible therefor.

§1—All the investment company shares representing a single foreign capital registration may be transferred to another foreign investor by means of an appropriate instrument of transfer which shall be binding on the investment company only after such instrument has been duly authenticated and presented to the managing institution, as provided in the pertinent charter provisions.

§2—The managing institution shall effect the transfer within 5 (five) days from presentation of the transfer request, prepared in accordance with the provisions of Paragraph 1.

§3—The managing institution shall apply to the Central Bank of Brazil to change the name of the investor on the respective foreign capital registration within 15 (fifteen) days from the date of transfer.

§4—The managing institution may suspend its share transfer services for a period of not more than 15 (fifteen) consecutive days before the dates of distributions of profits, provided that such services may not be suspended for more than 90 (ninety) days during each year.

§5—Foreign capital registrations resulting from transfers shall retain the same dates of share subscription or acquisition and the same computation of residence period as the original registrations, for all purposes of these Regulations.

Section B
Remittance of Profits and Repatriation of Capital

Art. 27—The foreign capital registration certificate issued by the Central Bank of Brazil on the basis of the information referred to in the preceding article shall be the appropriate instrument for the remittance of cash dividends or bonuses and capital gains resulting from the sale of shares issued by the investment company, and for repatriation of capital.

Sole Paragraph—It shall be the responsibility of the managing institution to effect the remittances provided for in this article in accordance with provisions established by the Central Bank of Brazil and to give notice to that Agency of such remittances together with the following information:

(a) remittance of cash dividends or bonuses:

(1) the balance sheet of the company, on which the distribution of dividends is based;

(2) the charter provision or decision which authorized the distribution of dividends;

(3) the total amount of dividends remitted;

(4) proof of payment of income tax due; and

(5) a detailed list of names of the shareholders showing for each the number of shares owned, the gross and net dividends, and the amount and number of the foreign capital registration.

(b) repatriation of capital and remittance of capital gains resulting from the liquidation of the investment through the sale of shares issued by the investment company:

(1) a statement prepared under the responsibility of the managing institution setting forth the number of shares sold and the proceeds from the transaction;

(2) proof of payment of income tax due; and

(3) details as to the foreign capital registration to be cancelled.

Section C
Share Dividends

Art. 28—In the event of increases of capital by an investment company resulting from the capitalization of net profits and the consequent attribution of new shares to shareholders in proportion to their individual holdings, the managing institution shall submit an overall list of shareholders, together with individual cards showing the new total of shares held by each shareholder and the number of shares attributed to each shareholder in consequence of the capital increase.

Art. 29—The amount of the foreign currency investment registration referred to in Article 25 shall suffer no alteration by virtue of the distribution of share dividends, and the registration shall be modified only as regards the number of shares held by the shareholder, as provided in the preceding article.

Art. 30—The overall list of shareholders referred to in Article 28 shall be submitted within 30 (thirty) days from the date on which the respective capital increase is approved.

Art. 31—Periodically, the Central Bank of Brazil shall publish a current list of investment registrations in foreign currency effected in accordance with these Regulations.

CHAPTER VI
OPERATING RULES

Section A
Investments

Art. 32—At least 50% (fifty per cent.) of the total value of investments made by the investment company shall be in shares or convertible debentures issued by open capital companies controlled by private Brazilian shareholders and acquired by subscription or on a securities exchange.

Art. 33—The remaining funds may be invested in one or more of the following alternatives:

(a) cash and National Treasury Bills;

(b) debentures issued by open capital companies controlled by private Brazilian shareholders;

(c) shares of companies listed on a securities exchange and acquired on the securities exchange or by subscription; and

(d) newly issued shares, duly registered for public offer with the Central Bank of Brazil, of companies not listed on a securities exchange.

Art. 34—The following diversification requirements shall be observed in connection with the investments of investment companies:

(a) the amount invested in the securities of a single company shall not exceed 10% (ten per cent.) of the total investments of the investment company, nor represent more than 10% (ten per cent.) of the voting shares nor more than 20% (twenty per cent.) of the total capital of the issuer;

(b) the average investment per company shall not exceed 5% (five per cent.) of the total value of all investments of the investment company; and

(c) in applying the limits established in the preceding items, shares received as share dividends or through the exercise of pre-emptive rights shall not be taken into account, provided that the excess is eliminated within a 12 (twelve) month period, subject to a 6 (six) month extension, if the reason therefor is justified to the Central Bank of Brazil. If these limits are exceeded as a result of an increase in the value of the investments, the situation shall also be corrected within the time periods established herein.*

Section B
Investment Company Expenses

Art. 35—An investment company's expenses may include all administrative and operating expenses necessary for its proper operations, such as:

(a) present or future fees, taxes or other levies imposed by federal, state and municipal authorities and autonomous sub-divisions thereof on the assets, rights, or liabilities of the investment company;

(b) expenses of printing, distributing and publishing reports, forms and periodic information in the company's interest or required by pertinent regulations;

(c) fees and expenses of the auditors responsible for reviewing the balance sheets and the accounts of the company and analysing its operations and the performance of its managing institution;

(d) fees and commissions paid in connection with the purchase and sale of the securities held in the company's portfolio;

(e) fees of legal counsel and related costs and expenses incurred in defending the interests of the company, in court or otherwise, including the amount of any judgment against the company;

(f) any losses, to the extent not covered by insurance and not attributable directly to negligence or malfeasance of the managing institution;

** Due to an apparent oversight in the translation published by the Central Bank of Brazil, the phrase "private Brazilian shareholders" in Article 32 and Article 33(b) is incorrect, and should read "private Brazilian capital".*

(g) payments for the management of the company's portfolio, as provided for in the management agreement;

(h) payroll expenses and compensation of directors and members of other bodies provided for in the charter of an investment company, and for data processing, if applicable;

(i) premiums for insurance on securities, as well as expenses for custodial and other services rendered by authorized institutions; and

(j) organizational expenses of the company.

Art. 36—Advertising expenses relating to the solicitation of resources abroad shall not be charged as expenses of the investment company. Such expenses shall be considered solicitation expenses and therefore included in the service commissions agreed upon with the SUBSCRIPTION AGENT.

Section C
Prohibitions

Art. 37—Investment companies shall not:

(a) receive deposits;

(b) acquire real estate;

(c) contract or make loans, in any manner;

(d) participate in rediscount transactions, even as co-obligors;

(e) manipulate prices in any way;

(f) extend guarantees, grant acceptances or become a co-obligor in any other manner;

(g) lend, lease or pledge portfolio securities or place them in escrow;

(h) invest funds abroad;

(i) sell short;

(j) invest in securities issued or guaranteed by its own managing institution, or by its related companies, provided that the term "related" shall have the definition set forth in Article 39 of these regulations; or

(l) invest in shares of investment funds or of other investment companies.

Art. 38—No investments shall be made in shares of securities distribution companies, brokerage firms, management and holding companies—including credit card management—or insurance and savings companies, nor in the financial institutions listed in Article 17 of Law No. 4,595 of December 31, 1964, with the exception of management and holding companies registered as open capital companies.

Section D
The Concept of Related Companies

Art. 39—For the purposes of Item (j) of Article 37 of these Regulations, a company shall be considered a related company:

(a) if the managing institution holds more than 10% (ten per cent.) of its capital, directly or indirectly;

(b) if directors or officers of the managing institution or the investment company and their relatives to the second degree, together or individually, hold more than 10% (ten per cent.) of its capital, directly or indirectly;

(c) if any shareholder(s) holding more than 10% (ten per cent.) of the capital of the managing institution or the investment company hold(s) more than 10% (ten per cent.) of its capital, directly or indirectly;

(d) if it holds more than 10% (ten per cent.) of the capital of the managing institution, directly or indirectly;

(e) if its directors or officers and their relatives to the second degree hold, together or individually, more than 10% (ten per cent.) of the capital of the managing institution, directly or indirectly;

(f) if shareholder(s) holding more than 10% (ten per cent.) of its capital also hold 10% (ten per cent.) or more of the capital of the managing institution or the investment company, directly or indirectly; or

(g) if its directors are the same, in whole or in part, as those of the managing institution or investment company, with the exception of those who exercise responsibilities through collegiate bodies such as Administrative Boards or similar bodies provided for in the charter or by-laws of the company, so long as these officers do not have executive responsibilities, subject to prior consultation with the Central Bank of Brazil.

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CHAPTER VII
FISCAL TREATMENT

Art. 40—Investment companies whose shares are held by individuals and legal entities resident and domiciled abroad shall be exempt from income taxation at source or in function of the annual declaration of income, provided they comply with these Regulations.

Art. 41—Investment companies shall maintain their reserves in specific accounts, in accordance with the accounting principles promulgated by the Central Bank of Brazil, and in accordance with the following criteria:

(a) excess capital may be employed only for the acquisition of shares of the investment company itself, as provided in Article 22 of these Regulations;

(b) reserves resulting from net profits which remain after the distribution of cash dividends and bonuses may be employed, alternatively:

(1) for the purchase of shares of the investment company itself, as provided in Article 22 of these Regulations;

(2) for payment of additional cash dividends or bonuses, or

(3) for capitalisation, subject to the provisions of Paragraph 2 of Article 11 and of Articles 28 and 29 of these Regulations.

§1—The reserves referred to in this article shall not be subject to income tax, regardless of their amount in relation to the company's subscribed capital.

§2—Capital increases of investment companies effected through the capitalisation of net profits, as provided for in Item (b), Number 3, of this article, shall be exempt from income tax. Similarly, the value of new shares distributed to shareholders as a result of capital increases shall not be subject to taxation.

§3—Profits distributed by investment companies shall not be subject to the income tax provided for in Article 38 of Law No. 4,506 of November 30, 1964, as amended by Article 11 of Decree-Law No. 94 of December 30, 1966.

Art. 42—Cash dividends or bonuses distributed by investment companies to individuals or legal entities resident or domiciled abroad shall be subject to income tax withheld at source at the rate of 15% (fifteen per cent.), except as provided in Articles 44 and 45 of these Regulations.

Art. 43—Provided the conditions established in these Regulations are complied with, the proceeds of conversion into foreign currency of amounts in Cruzeiros obtained through the sale of shares issued by investment companies, by individuals or legal entities resident or domiciled abroad, may be repatriated free of the tax referred to in Paragraph 1 of this article up to the amount of the respective initial foreign currency investment registration.

§1—The amounts in Cruzeiros obtained through the sale of shares issued by investment companies in excess of the respective amount of the initial foreign currency investment shall be subject to income tax withheld at source at the rate of 15% (fifteen per cent.), as capital gains, except as provided in the following Articles 44 and 45.

§2—For the purposes of the preceding paragraphs, the source of payment of the capital gains shall be deemed to be the investment company itself, which acquires the shares sold by shareholders.

Art. 44—The income referred to in Article 42 and in Paragraph 1 of Article 43 of these Regulations generated by investments maintained in Brazil in their entirety for the periods specified below, counted from the date of the respective initial investment registration with the Central Bank of Brazil, shall be subject, after completion of the sixth year of residence in Brazil without any investment repatriation, to income taxation withheld at source in accordance with the following rate schedule:

Over 6 and up to 7 years	12% (twelve per cent.)
Over 7 and up to 8 years	10% (ten per cent.)
Over 8 years	8% (eight per cent.)

Sole Paragraph—The regressivity of taxation prescribed in this article shall cease in the year in which all or part of the investment receiving the benefits thereof is repatriated, and thereafter, the applicable rate shall be that corresponding to the period during which the entire initial investment was held in Brazil.

Art. 45—Amounts of cash dividends or bonuses and of capital gains, net of the income tax provided for in the preceding articles, shall be subject to a supplementary income tax, if, on the occasion of their actual remittance abroad, they exceed, in any fiscal year, 12% (twelve per cent) of the amount of the initial investment in foreign currency registered in the name of the shareholder, in accordance with the following rate schedule:

1. Amounts over 12% (twelve per cent) and up to 15% (fifteen per cent)	40% (forty per cent)
2. Amounts over 15% (fifteen per cent) and up to 25% (twenty five per cent)	50% (fifty per cent)
3. Amounts over 25% (twenty five per cent)	60% (sixty per cent)

§1—In each fiscal year, the amounts remitted may exceed by as much as twofold the limit prescribed in this article without incidence of the supplementary tax, provided the excess which is remitted corresponds to the negative difference between amounts actually remitted in previous years and the amounts resulting from the application of the percentage established in the initial portion of this article.*

§2—The supplementary income tax referred to in this article shall no longer be due on the income referred to herein remitted after the completion of 8 (eight) years from the date of registration of the respective initial investment, effected as provided in these Regulations.

CHAPTER VIII
PUBLICATION AND DELIVERY OF DOCUMENTS

Art. 46—Investment companies shall be required to notify the securities exchange at the place where their principal office is situated of their net worth and net worth per share, daily, for the purpose of publication of this information.

Art. 47—Investment companies shall furnish to their shareholders, at least semi-annually, information regarding the balance sheet and profit and loss statement, as well as the composition of their securities portfolio, listing number, type, issuer, purchase price, and current value, as well as a copy or summary of the reports of the managing institution and the auditors.

Art. 48—On or before the 15th (fifteenth) day of each month, investment companies shall submit to the Central Bank of Brazil their analytical balance sheets for the preceding month, together with a report on portfolio composition which shall include the following information regarding the securities: quantity, type, purchase price, current value or net worth, identifying those acquired through subscription, by acquisition in a securities exchange, those issued by open capital companies controlled by private domestic shareholders and those issued by companies not registered with a securities exchange.

Art. 49—At the time of delivery of the documents referred to in the preceding article, the investment company shall also furnish a document showing the development, during the period, of resources mobilized, liquidations made and purchases and sales of portfolio securities.

Art. 50—Investment companies shall prepare monthly and semi-annual balance sheets, the latter on March 31st and September 30th of each year.

CHAPTER IX
GENERAL PROVISIONS

Art. 51—All portfolio securities of investment companies shall be kept in the custody of a commercial bank, an investment bank, or a securities exchange. Cash resources of the company shall be deposited in a commercial banking institution.

Art. 52—As a temporary measure, during the 180 (one hundred eighty) days following the date of Resolution No. 323 of May 8, 1975, the equivalents in Cruzeiros of foreign resources invested through the subscription or acquisition of investment company shares may, not later than the first working day after such investment, be deposited with the Central Bank of Brazil, as provided in the paragraphs of this article:

*Due to an apparent oversight in the translation published by the Central Bank of Brazil, article 45 (§1) should read: "In each fiscal year the amounts remitted may exceed by as much as two-fold the limit prescribed in this article without incidence of the supplementary tax, provided the excess which is remitted corresponds to the negative difference between amounts actually remitted in previous years and that which could have been remitted without supplementary tax, as set forth in this article".

§1—The Central Bank of Brazil shall accept the deposits referred to in this article at the equivalent in the foreign currency of origin, in the name of the investment company, and pay interest—from the date thereof and only until the expiration of the period of 180 (one hundred and eighty) days referred to in this article—at a rate to be established by that Agency on the basis of the rates prevailing in the London interbank market for deposits in that currency.

§2—The investment company may withdraw the deposit in whole or in part at any time during the period of 180 (one hundred and eighty) days counting from the date of Resolution No. 323 of May 8, 1975 and, at the expiration of such period, the Central Bank of Brazil shall release to the investment company which made the deposit, without demand, the equivalent in Cruzeiros of the amounts remaining on deposit, together with interest.

Art. 53—Investment companies must be subject to independent audits performed by qualified professionals duly registered with the Central Bank of Brazil, in the manner provided for by Resolution No. 220 of May 10, 1972 of that agency, and related regulations. The audit shall include, in addition to an examination of the accuracy of the accounting records and a verification of the listed value of assets and liabilities of the Company and consequent analysis of its actual net worth, confirmation that the legal provisions and regulations have been complied with by the managing institution.

Art. 54—Actions involving reductions in subscribed capital or liquidation or dissolution of investment companies shall require prior authorization of the Central Bank of Brazil.

Art. 55—The managers of investment companies and the institutions responsible for portfolio management shall be responsible for compliance with all current laws and regulations, and shall be subject to the provisions of Chapter V of Law No. 4 595 of December 31, 1964 and other legal sanctions which may be applicable.

Art. 56—The Central Bank of Brazil shall issue additional instructions necessary for the execution of these Regulations, including a definition of specific rules as to audits and accounting, and the documents required in connection with investment company procedures.

APPENDIX III
TERMS AND CONDITIONS OF BEARER DEPOSITARY RECEIPTS

(The following is the text of the terms and conditions of the BDR, as they will appear on the reverse of the BDRs, subject to such modification as may be approved by the Fund, the Depositary and the Shareholders' Representative)

This Bearer Depositary Receipt is one of a series of Bearer Depositary Receipts evidencing rights in respect of the November, 1975 issue by The Brazil Fund S.A.—Sociedade de Investimento—D.L. No. 1401 (the "Fund") of Depositary Shares (as defined in Condition 1 below) and is issued by European Overseas Issuing Corporation S.A. (the "Depositary") pursuant to an Agreement (the "Deposit Agreement") dated 24th November, 1975 and made between the Fund, the Depositary, Banco de Investimento Lar Brasileiro S.A. (the "Administrator"), Brazilian Capital Services Limited, a Bermudan company (the "Shareholders' Representative"), Vickers, da Costa & Co. Bahamas Limited, a Bahamian company (the "Subscription Agent") and the holders from time to time of the BDRs (as defined in Condition 1 below). Copies of the Deposit Agreement are available for inspection at the principal office for the time being of the Depositary, being at the date of issue hereof at 11, Boulevard Grande-Duchesse Charlotte, Luxembourg, and at the office of the Paying Agent. The BDR-holders (as defined in Condition 1 below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions contained in the Deposit Agreement.

1. Definitions

In these terms and conditions unless the context otherwise requires:—

"BDRs" means the Bearer Depositary Receipts referred to above and for the time being remaining outstanding of which this Receipt is one;

"BDR-holders" means the bearers for the time being of the BDRs or of a particular number of them;

"Bearer" means the bearer for the time being of this Receipt and/or, as the context may require, the talon or the coupons for any particular coupon or coupons appertaining thereto;

"Deposit Agreement" includes any supplement thereto executed in accordance with the provisions thereof;

"Depositary" includes any other or additional persons or companies for the time being appointed to act as depositary or depositaries for the BDRs pursuant to the Deposit Agreement;

"Depositary Share" means 10 Shares;

"dollars" and "$" mean United States dollars;

"Paying Agent" means the specified office of the Paying Agent mentioned at the foot hereof and includes any office or additional offices thereof and any other or additional paying agents for the time being appointed by the Depositary with the approval of the Shareholders' Representative and notified to the BDR-holders;

"Regulations" means the regulations attached to Resolution 323 of the Central Bank of Brazil dated May 8, 1975 together with related circulars (or any statutory or regulatory modification, extension or re-enactment thereof);

"Representation Agreement" means the Agreement dated 24th November, 1975 and made between the Depositary and the Shareholders' Representative whereby the latter has been appointed by the former to be its proxy for all purposes in connection with the Underlying Shares and includes any supplement thereto or any other representation or proxy agreement or power of attorney or other delegation by the Depositary in favour of the Shareholders' Representative in connection with the Underlying Shares;

"Shareholders' Representative" includes any other or additional persons or companies for the time being appointed by the Depositary with the approval of the Subscription Agent in accordance with the provisions of the Deposit Agreement to act as representative or representatives of the Depositary;

"Shares" means fully paid shares in the Fund having a par value of one Cruzeiro each and includes any new shares issued in substitution for the Shares in connection with any such change in par value, split, consolidation or other reclassification of shares or reorganisation, merger or consolidation as is referred to in Condition 8 below;

"Subscription Agent" includes any other or additional persons or companies for the time being appointed pursuant to Brazilian Decree Law No. 1401 and or the said Resolution No. 323 (or any statutory or regulatory modification, extension or re-enactment thereof) to act as the or a subscription agent for the Fund;

"Underlying Shares" means the Shares attributable in the books of the Depositary to the BDRs or, as the context may require, to a particular BDR or BDRs and, in respect of this Receipt, means those Shares whose serial numbers appear on the face of this Receipt and, in all cases, includes new Shares issued in right of such Shares by way of bonus (the serial numbers of which, by the terms of the Deposit Agreement, are required to reflect the serial numbers of the Shares in right of which such new Shares are issued).

2. Form and Denomination

The BDRs have been issued in denominations of 1,000 and 10,000 Depositary Shares (being 10,000 and 100,000 Shares) in bearer form with talon and coupons attached and transferable by delivery. BDRs of smaller denominations may be issued as provided in Condition 16 below.

3. Ownership

The Bearer shall be deemed to be the absolute owner of this Receipt, of the talon and coupons appertaining to this Receipt and of the interests thereby represented. Delivery or production of this Receipt or of the talon or any of the coupons, whether or not detached from this Receipt, shall be sufficient evidence in favour of the Depositary, the Paying Agent and the Shareholders' Representative of the title of the person delivering or producing the same to receive all moneys or other property payable or distributable in respect thereof and or to issue voting instructions as contemplated in Condition 9 below and neither the Depositary nor the Paying Agent nor the Shareholders' Representative nor any of their agents shall be bound to inquire into such title or take notice of the right, title or claim of any other person to this Receipt or to the talon or any such coupons or to any such moneys or other property or voting rights arising in respect thereof.

4. Transfer of Underlying Shares

The Bearer shall be entitled at any time to call on the Depositary to transfer the Underlying Shares to the Bearer by taking all necessary steps to have those Underlying Shares registered in the name of the Bearer, such steps to be commenced within fourteen days of the surrender of this Receipt to the Depositary or the Paying Agent for such purpose.

5. Cash Distributions

If and whenever the Depositary shall receive from the Fund in respect of the Underlying Shares any cash dividend or other cash distribution, the Depositary shall notify the BDR-holders as soon as practicable of the amount per Depositary Share payable in respect of such dividend or distribution and the manner and the earliest date established for payment thereof by the Depositary (such date not being more than 14 days after the date when the Depositary shall have received such dividend or distribution). The payment of such dividend or distribution to BDR-holders shall be made in accordance with Condition 13 below.

6. Other Distributions

(A) If and whenever the Depositary shall receive from the Fund in respect of the Underlying Shares any distribution other than cash or Shares, the Depositary shall notify the BDR-holders thereof as soon as practicable and cause the property received by it to be distributed to the BDR-holders entitled thereto, proportionately in accordance with the number of Depositary Shares represented by their BDRs, in any manner which the Depositary may deem equitable and practicable for accomplishing such distribution: Provided however that if for any reason the Depositary deems the equitable and practicable distribution of such property pursuant to this Condition not to be feasible, the Depositary may effect the sale (publicly or privately) of the property so received, or any part thereof, at such price and upon such terms as it thinks proper. The net proceeds of any such sale will be distributed to the BDR-holders as in the case of a distribution in cash.

(B) If and whenever the Depositary shall receive from the Fund in respect of the Underlying Shares any distribution by way of Shares, such Shares shall be held by the Depositary and shall constitute part of the Underlying Shares.

7. Rights Issues; Offers for Shares

If and whenever the Fund shall make any offer or invitation to acquire Shares, securities or other assets to the holders of Shares by way of rights or if and whenever any offer or invitation is made other than by the Fund to the holders of the Shares to acquire the same, the Depositary shall as soon as practicable notify the BDR-holders of such offer or invitation and of its proposals with respect thereto.

8. Capital Reorganisation, etc.

Upon any change in par value, split, consolidation or any other reclassification of Shares, or upon any reduction of capital otherwise than pursuant to Article 22§2 of the Regulations, reorganisation, merger or consolidation or sale of assets affecting the Fund or to which it is a party and involving the Shares, the Depositary shall as soon as practicable give notice to the BDR-holders and may, in its discretion, execute and deliver additional BDRs or call for the surrender of outstanding BDRs to be exchanged for new BDRs or to be stamped in the appropriate manner so as to indicate the new number of Depositary Shares and/or the new serial numbers of Shares underlying such outstanding BDRs.

9. Meetings of Shareholders of the Fund

Notices of Meetings of Shareholders of the Fund and the agenda thereof shall be given by the Depositary to the BDR-holders at least 14 days before any such meeting, but the BDR-holders shall have no right to attend, vote or speak thereat. Each BDR-holder may instruct the Depositary in writing as to the exercise of the voting rights (if any) attributable to his Underlying Shares. Such instructions shall, at least 7 days before the date of the relevant Shareholders' Meeting, be deposited with the Depositary together with the BDR or BDRs representing the Underlying Shares concerned (upon terms that such BDR or BDRs may not be withdrawn until after such Meeting or any adjournment thereof). The Depositary shall notify the Shareholders' Representative of such instructions and the Shareholders' Representative shall, insofar as it is practicable to do so, cast the votes attributable to such Underlying Shares in accordance with such instructions pursuant to the power for the time being vested in the Shareholders' Representative under the Representation Agreement. In the absence of such instructions, the Shareholders' Representative may cast such votes or refrain from voting as it thinks fit.

10. Availability of Notices, etc.

Copies of English translations of all notices, financial statements and reports of the Fund which the Depositary receives from the Fund will be made available by the Depositary to the BDR-holders upon request and at the expense of the relevant BDR-holders. The Depositary shall notify the BDR-holders of the receipt by it of the Annual Report and of the Audited Accounts of the Fund as soon as practicable thereafter.

11. Publication of Notices

Any notice required to be given hereunder will be valid if published in a Luxembourg newspaper and in the *Financial Times* in London. If at any time publication in the *Financial Times* is not practicable, notices will be valid if published in such other newspaper or in such other manner as the Depositary, with the approval of the Shareholders' Representative, shall determine. Such notice shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper in which publication is required.

12. Redemption

Subject to applicable laws and regulations and to the provisions of the Statutes of the Fund, the Bearer shall be entitled (upon surrender of this Receipt to the Depositary) to require (in form satisfactory to the Depositary) that the Depositary apply to the Fund for the redemption of the Underlying Shares. The Depositary shall pay to the Bearer or (as appropriate) shall instruct the Paying Agent to pay to the Bearer the moneys becoming due to be paid, such payment to be made within 7 days after receipt of the corresponding amounts from the Fund in respect of the redemption of the Underlying Shares and in accordance with the provisions of Condition 13 below. This Receipt should be presented for redemption together with its talon and all unmatured coupons. Upon redemption of this Receipt, the talon and all unmatured coupons relating to this Receipt (whether or not attached) shall cease to be of any value and shall not entitle the Bearer to make any claim against the Depositary in respect thereof.

13. Payments

In order to obtain payments in respect of this Receipt pursuant to the Conditions hereof, this Receipt or (as the case may be) the relative coupon shall be presented for payment either at the principal office of the Depositary in Luxembourg or at the specified office for the time being of the Paying Agent. Such payment shall be made in dollars, subject to any laws or regulations applicable in New York City and in the place of payment, by dollar cheque drawn on a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City. The Depositary or the Paying Agent (as the case may be) may deduct and retain from all moneys due by it to the Bearer in accordance with these Conditions all taxes, government charges, duties and assessments which may become or have become payable under applicable law in respect of this Receipt or the Underlying Shares.

14. Brazilian Withholding Tax

Upon request and at the expense of any BDR-holder or former BDR-holder, the Depositary shall use all reasonable endeavours to obtain and furnish sufficient evidence of the deduction (if applicable) of Brazilian withholding tax on the remittance by the Fund to the Depositary of dividends, bonuses, or capital gains in respect of the Underlying Shares attributable to specified BDRs held or formerly held by such person.

15. Prescription

If any coupon shall not be presented for payment within 3 years from the first day on which it might be so presented, the distribution or other right to which such coupon relates shall be absolutely forfeited to the Depositary (who shall account to the Fund for the same): provided that the Depositary may (with the consent of the Fund) waive this Condition if it thinks fit.

16. Conversion into Other Denominations

The Depositary shall, at the request of a BDR-holder and against the surrender by him of ten BDRs of the denomination of 1,000 Depositary Shares each or of one BDR of the denomination of 10,000 Depositary Shares, issue a single new BDR of the denomination of 10,000 Depositary Shares or ten new BDRs of the denomination of 1,000 Depositary Shares each, respectively. Such new BDR or BDRs shall, or shall between them, have enfaced on it or them the serial numbers of the Underlying Shares which were enfaced on the surrendered BDRs or BDR.

In the light of a change in relevant Brazilian laws or regulations the Shareholders' Representative may if it considers in its absolute discretion that the interests of the general body of BDR-holders would not be prejudiced thereby request the Depositary to make available for issue BDRs of denominations of ten Depositary Shares each and/or BDRs of larger denominations (each such denomination being a whole multiple of ten Depositary Shares). In the event of the Subscription Agent so requesting, the Depositary may, at the request of a BDR-holder and against the surrender by him of an existing BDR or existing BDRs, issue the requisite number of new BDRs of the smaller denominations. Such new BDRs shall between them have enfaced on them the serial numbers of the Underlying Shares which were enfaced on the surrendered BDR or BDRs.

17. Replacement of Coupons and BDRs

(A) When the coupons attached to a BDR become exhausted the Depositary shall issue further coupons and a further talon against surrender of the talon appertaining to such BDR.

(B) If any BDR or its talon or any of its coupons becomes worn out, defaced, lost or destroyed it may, subject to provisions of Luxembourg law, be replaced by the Depositary, at its principal office in Luxembourg, on payment of its remuneration and expenses in accordance with the Deposit Agreement and on such terms as to evidence and indemnity as the Depositary may require. Worn out or defaced BDRs, talons or coupons shall be surrendered before the replacement ones are issued. Every replacement BDR shall have enfaced on it the serial numbers of the Underlying Shares which were enfaced on the worn out, defaced, lost or destroyed BDR.

18. Meetings of BDR-holders and Modifications

The Deposit Agreement contains provisions for the convening of meetings of BDR-holders to consider any matter affecting their interests, including any modification of the terms and conditions of the BDRs or the provisions of the Deposit Agreement. A resolution duly passed at any such meeting will be binding on all BDR-holders, whether or not they are present at the meeting. The Shareholders' Representative may agree, on behalf of but without the consent of the BDR-holders, to any modification of the Deposit Agreement or the BDRs which is not, in the opinion of the Shareholders' Representative, materially prejudicial to the interests of the BDR-holders. Any such modification shall be binding on the BDR-holders and, unless the Shareholders' Representative decides otherwise, shall be notified to the BDR-holders as soon as practicable thereafter.

19. Remuneration of Depositary

The Deposit Agreement provides that for its services in connection with the BDRs, the Depositary will be entitled to receive the following remuneration:—

(a) for entering into the Deposit Agreement and issuing the BDRs an initial fee of $0.06 per Depositary Share or, in the case of subscriptions by or by certain institutions associated with sponsors of the Fund, $0.03 per Depositary Share;

(b) for notifying BDR-holders of, and making available to them in accordance with Condition [illegible] above, any cash dividends or other cash distributions made to the Depositary by the Fund, [illegible] commission of one per cent. of the amount distributed to the BDR-holders (gross of su[illegible] commission and any withholding taxes other than Brazilian withholding tax);

(c) for notifying BDR-holders of, and making available to them in accordance with Condition [illegible] above, any distribution other than cash or Shares made to the Depositary by the Fund, [illegible] commission of one per cent. of the value of the property distributed to the BDR-holde[illegible] (gross of such commission and any withholding taxes other than Brazilian withholding tax[illegible]

(d) for redeeming BDRs, a commission of ½ per cent. of the amount distributed to the BDR-holde[illegible] (gross of such commission and any withholding taxes other than Brazilian withholding tax[illegible]

(e) for transferring Underlying Shares to a BDR-holder where called for against surrender of [illegible] BDR(s), a surrender charge of ½ per cent. of the net asset value of the Fund attributable [illegible] such Underlying Shares as of the day before the date on which such BDRs are surrendere[illegible]

(f) for converting BDRs of one denomination into the requisite number of BDRs of the oth[illegible] denomination, a reasonable charge to reflect the work involved;

(g) for issuing BDRs in replacement of worn out, defaced, lost or destroyed BDRs, a reasonab[illegible] charge to reflect the work involved;

(h) for exercising voting rights in accordance with specific instructions from BDR-holders, [illegible] reasonable charge to reflect the work involved; and

(i) for complying with a request made under Condition 14, a reasonable charge to reflect [illegible] work involved.

The Deposit Agreement also provides that in addition to the foregoing, the Depositary will [illegible] entitled to recover from each BDR-holder concerned any special out-of-pocket expenses incurred [illegible] relation to any of cases (e) to (i) above (other than any applicable fee or expenses of the Paying Age[illegible] which will be for the account of the Depositary) and any value added tax or similar tax payable und[illegible] Luxembourg law in relation to any of cases (b) to (i) above and to recover from the Fund all oth[illegible] costs and expenses incurred in acting as Depositary which cannot be attributed to and recovered fro[illegible] individual BDR-holders.

20. Applicable Laws

Notwithstanding anything herein stated or implied to the contrary, the rights of the BDR-holde[illegible] are subject to all legal or government restrictions which are or may be imposed at any time and whi[illegible] may at that time be applicable. The Depositary's obligations imposed by these provisions shall [illegible] suspended during such times as it is unable to comply therewith by reason of applicable regulations [illegible] restrictions emanating from public authorities or any other cause beyond its control.

21. Resignation of Depositary

The Depositary may at any time resign its office, effective upon the appointment of a succes[illegible] approved by the Shareholders' Representative on behalf of the BDR-holders. Such appointment sh[illegible] be notified to the BDR-holders by the retiring Depositary and the successor shall undertake to ca[illegible] out all the duties of the Depositary in respect of the BDRs and the Underlying Shares. BDRs issued [illegible] the retiring Depositary whilst in office shall bind the successor Depositary as if issued by it.

22. Termination of Depositary Arrangements

In the event that the aggregate market value of the BDRs (taken, for this purpose, as the mid[illegible] market price per Depositary Share on The Stock Exchange in London, as reported in the Daily Offic[illegible] List but exclusive of any investment currency premium, multiplied by the number of Depositary Sha[illegible] for the time being represented by BDRs) shall at any time pursuant to a request by the Depositary [illegible] certified by the Subscription Agent to have fallen below $1,000,000, the Depositary shall have the rig[illegible] upon notice given to the BDR-holders, to require the withdrawal of the BDRs against the transfer to [illegible] BDR-holders of their Underlying Shares. If any BDR-holder fails to present his BDR for such exchan[illegible] within 12 months after the date of such notice, the Depositary shall have the right to sell the Underly[illegible] Shares and to hold the net proceeds of such sale, after deducting its expenses relating thereto, for [illegible] account and benefit of the relative BDR-holder. The Depositary may at any time deposit the net procee[illegible] (and any other moneys then held for the account of the BDR-holders) in a bank or fiduciary compa[illegible]

23. Exoneration, Indemnification and Dealings

The Deposit Agreement contains certain provisions for the exoneration and indemnification of [illegible] Depositary, the Paying Agent, the Shareholders' Representative and the Subscription Agent and th[illegible] relief from responsibility. Neither the Depositary, nor the Administrator nor the Fund will be resp[illegible] sible for any loss or diminution of profit caused to a BDR-holder upon redemption of the Sha[illegible] underlying his BDR or upon the payment of any cash dividend or other cash distribution due to fluct[illegible] tions in the exchange rate between the Cruzeiro and the dollar or to any change in the foreign exchar[illegible] brokerage commission charged in Brazil on the conversion into dollars of such redemption moneys, ca[illegible] dividends or cash distributions, between the date when the redemption is requested or (as the case m[illegible] be) the date when the cash dividends or cash distributions are approved by the shareholders of the Fu[illegible] in general meeting or declared by the Fund and the date of conversion of such redemption moneys [illegible] cash into dollars; provided that this exoneration shall not apply if the Depositary, the Administrator [illegible] the Fund are in breach of their obligations under Brazilian Decree Law No. 1401, the Regulations [illegible] the Deposit Agreement. While the Depositary shall receive all moneys and property which shall [illegible] paid or distributed to it by the Fund in respect of the Underlying Shares, neither it nor any ot[illegible] party to the Deposit Agreement shall be under any obligation to demand or enforce any payment [illegible] distribution by the Fund or the performance by the Fund of any other obligations in respect of [illegible] Underlying Shares; provided that the Depositary shall take such steps as may be necessary or expedi[illegible] for such purpose if so instructed either (a) by an Extraordinary Resolution (as defined in the Depo[illegible] Agreement) of the BDR-holders or (b) by BDR-holders holding between them BDRs for 20 per ce[illegible] or more in number of the Underlying Shares for the time being represented by BDRs, and subj[illegible] to such indemnity against costs, expenses and liability as the Depositary may from time to ti[illegible] reasonably require in connection therewith. Except as aforesaid, no party to the Deposit Agreem[illegible] shall be obliged to take any steps against any other such party in respect of any breach, alleged brea[illegible] or threatened breach of any of the provisions of the Deposit Agreement or the BDRs. Any such pa[illegible] will be entitled to enter into business transactions with any other such party, including any of [illegible] BDR-holders, without accounting for any profit resulting therefrom.

24. Law and Jurisdiction

The BDRs and the Deposit Agreement shall be governed by and construed in accordance with [illegible] laws of Luxembourg. The appropriate Courts of Luxembourg shall have non-exclusive jurisdiction [illegible] respect of all questions concerning the terms, conditions, provisions and effect of the BDRs and [illegible] Deposit Agreement and each of the Fund, the Depositary, the Shareholders' Representative and [illegible] Subscription Agent have submitted to such jurisdiction in the Deposit Agreement. The rights of [illegible] holders of the Underlying Shares and the debts and obligations of the Fund in respect thereof sh[illegible] as such, be governed by the laws of Brazil.

Paying Agent *(Proposed)*
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
Woolgate House, Coleman Street, London EC2P 2HD

APPENDIX IV
BRAZILIAN REQUIREMENTS FOR GENERAL MEETINGS

The functioning of General Meetings of shareholders and shareholders' voting rights are laid d[illegible] in D.L. 2627, dated September 26th, 1940. This law is now under revision.

Notices convening shareholders' meetings must be published at least three times in the Di[illegible] Oficial do Estado do Rio de Janeiro (State Official Gazette) and one local newspaper. The publica[illegible] of the first call must be at least ten full days before the meeting and publication of subsequent c[illegible] must be made at least five days before the meeting. Except in the case of "force majeure", meeti[illegible] should be held in the Fund's head office. In any event they must be held in Rio de Janeiro. The Ann[illegible] General Meeting should be held within the first four months following the Fund's year-end.

The Directors convene shareholders' meetings but if they delay over a month in convening [illegible] Annual General Meeting, the Fiscal Council should do so. A shareholder may convene the Ann[illegible] General Meeting or Extraordinary General Meeting if there is a delay of more than two months a[illegible] the same should have been convened and shareholders representing more than 20 per cent. of the cap[illegible] may requisition a shareholders' meeting and convene such meeting should the Directors not conv[illegible] a meeting within eight days subsequent to the filing of this request. The Fiscal Council may also [illegible] a shareholders' meeting whenever serious and urgent reasons so require.

An Annual General Meeting when first convened must have a quorum of 25 per cent. of the vo[illegible] capital present in person or represented by a shareholder holding their power of attorney. If ther[illegible] no quorum after a second convening the persons then present shall constitute a quorum. Extraordin[illegible] General Meetings called for the purpose of modifying the Statutes require a two-thirds quorum of [illegible] voting capital at the first and second convening; thereafter any number can be present.

Resolutions are reached by a simple majority vote of the capital represented and voting except [illegible] resolutions concerning mergers, liquidation, the issue of preferred stock, partes beneficiarias, [illegible] alteration of the purpose of the Fund, the proposal of a scheme of arrangement with the Fu[illegible] creditors or the termination of the state of proposed liquidation and the resumption of business wh[illegible] require the approval of at least half of the outstanding voting capital, whether present and voting or [illegible]

Powers of attorney are allowed so that shareholders may be represented at shareholders meeti[illegible] by a person who may vote on their behalf but may not be given to members of the Directorate, Fi[illegible] Council or the Consultative Council. Powers of attorney must be given to other shareholders in [illegible] Fund.

At least a month before the Annual General Meeting the Directors must publish in the Di[illegible] Oficial do Estado do Rio de Janeiro notices that the following may be consulted by any shareho[illegible] at the Fund's offices:—

1. Directors' report.
2. Balance Sheet and Statement of Profit and Loss.
3. Report of the Fiscal Council.

At least five days before the date fixed for the Annual General Meeting these items mus[illegible] published both in the Diário Oficial do Estado do Rio de Janeiro and also in a local newspaper. [illegible] within 30 days after the meeting, the minutes of the Annual General Meeting must also be submi[illegible] to be published in the Diário Oficial do Estado do Rio de Janeiro.

APPENDIX V
GENERAL INFORMATION

No material issue of shares (other than to BDR holders *pro rata* to their existing holdings o[illegible] cash at full net asset value) will be made within one year of the date of these Particulars withou[illegible] prior approval of the shareholders of the Fund in general meeting. If 10 per cent. or more o[illegible] authorised shares in the Fund remain unissued after the subscription made pursuant hereto, no [illegible] otherwise than for cash at full net asset value per share, will be made which would effectively [illegible] the control of the Fund or the nature of its business without the prior approval of the shareho[illegible] of the Fund in general meeting.

The Fund has not created or issued and does not have outstanding mortgages, debentures, [illegible] capital (including term loans), bank overdrafts or similar indebtedness, hire purchase commitmen[illegible] guarantees or other material contingent liabilities.

Material Contracts

The following contracts have been entered into by the Fund and are or may be material:—

(a) Portfolio Management Agreement dated 7th November, 1975 between the Fund (1) and F[illegible] (2) appointing BILB as Administrator.

(b) Deposit Agreement dated 24th November, 1975 between the Fund (1) the Depositar[illegible] the Administrator (3) the Shareholders' Representative (4) the Subscription Agent (5) [illegible] the holders of the BDRs from time to time (6).

(c) Agreement of Custody and Related Services dated 12th November, 1975 between the Fun[illegible] the Custodian (2) and BILB (3) relating to custody of the portfolio securities of the [illegible] and the opening and maintenance of a bank account for the Fund.

(d) Subscription Agent Accreditization Agreement dated 7th November, 1975 between [illegible] Administrator (1) the Subscription Agent (2) and the Fund (3) relating to the appointme[illegible] the Subscription Agent.

(e) Placing Agreement dated 24th November, 1975 between the Fund (1) the Subscription Age[illegible] the Administrator (3) and the Sponsors and SUIL (4) relating to the placing of up to 14,80[illegible] Shares.

(f) Subscription and Purchase Agreement dated 24th November, 1975 between the Fund (1[illegible] Administrator (2) the Subscription Agent (3) and the Sponsors and SUIL (4) relati[illegible] the purchase of 199,986 Shares from the Administrator and the subscription of a mini[illegible] of 8,250,200 Shares.

Directors' and Substantial Interests

Save as disclosed herein, no Director of the Fund, or any of his family (as defined by the Re[illegible] tions of The Stock Exchange in London) has or will have any interest in Shares or BDRs an[illegible] Director has or will have a long-term service agreement with the Fund.

The Directors are not required to hold any qualification shares but the Statutes of the F[illegible] require each Director either to pledge or to have pledged on his behalf 10 Shares in the Fund, w[illegible] shares may be held by him or others.

Statutory Information

Save as disclosed herein,

(i) no founders, management or deferred shares in the Fund have been created or issued,

Beijerinvest bid or Kockum

WILLIAM DULLFORCE STOCKHOLM, Nov. 24

INVEST, Sweden's fast ng trading and indus- group, to-day made a (£6m.) bid for the iron and steel works in n Sweden. Earlier this Beijerinvest acquired 90 nt. of the shares in ading, the country's independent foundry. owns the second largest and Beijerinvest's in- according to managing- Anders Wall, is to the two into a separate with combined sales of (£33m.) a year, making of Europe's leading cturers of foundry s.

invest is offering the kum shareholders Kr.80 and a Kr.160 promissory arrying 10 per cent. and redeemable on er 30, 1985 for each nominal Kr.100. This is ust slightly more than 35 at which the shares aded on the Stockholm xchange last Friday.

Kockum board has ended the offer, and g to the Beijerinvest t, the Kockum family Skaneintressenter com- hich together hold a of the shares and close er cent. of the voting rights, have both accepted too. Beijerinvest, however, wants to acquire 90 per cent. of the total equity.

Kockum had a pre-tax profit of Kr.16.5m. (£1.8m.) on a Kr.179m. (£20m.) turnover last year, but earnings are expected to drop to about Kr.4m. on maintained sales this year. Kockum also runs a steel works producing 116,000 tons of commercial steel annually sold to Stora Kopparberg under a contract which lasts until 1983.

It will sell off 3,500 hectares of forest and farm land to a newly formed company, in which its present shareholders will have the right to take up shares and debentures. A share portfolio with a market value of Kr.14m. will be sold to provide new investment capital.

By merging with the Pribo group last year and selling 60 per cent. of that concern's holding in the Pripps Breweries to the state, Beijerinvest has generated more than Kr.500m. (£55m.), available in liquid assets, to expand its industrial operations. It announced to-day that it would undertake the most thorough rationalisation so far attempted within the low-profit Swedish foundry industry. Plans already exist for Kr.80m. (£8.8m.) to be invested over a five-year period.

New equity for Statoil and Saga

By Fay Gjester

OSLO, Nov. 24.

STATOIL, NORWAY'S state oil company, is to get less additional share capital next year than originally proposed in the Labour Government's Finance Bill. In a compromise with the SV — the other Socialist party in the Storting (Parliament), Labour members of the Finance Committee have agreed to a capital increase of only Kr. 430m. — Kr. 70m. less than the government originally proposed. This will bring Statoil's total share capital to Kr. 1.185bn. The non-Socialist parties had sought to halve the proposed capital increase. All the committee members agreed, however, to a government proposal that Kr. 900m. in loans should be made available to Statoil during 1976.

Meanwhile the private enterprise company Saga Petrokjemi—backed by Norwegian industrial and shipping interests — has announced it is to increase its "committed capital" (capital promised by partners in the group) from Kr. 210m. to Kr. 400m., in view of the increase in the cost of the Bamble petrochemical projects, where Saga is partnering Statoil and the state-controlled concern Norsk Hydro. Four new Norwegian companies are entering the partnership, while two partners are reducing their stake in it. The Aker shipbuilding group is cutting its stake from 8 to 2 per cent., and Saga-part from 8 to 4 per cent. A/S Sydvaranger is taking an 8 per cent. stake, while a 2 per cent. stake is being taken jointly by the Jotun paint group, Norcem and the Selvaag building company.

Linde orders rise at home and abroad

BY GUY HAWTIN FRANKFURT, Nov. 24.

CONSOLIDATED figures for the Linde concern show substantial gains in both orders and turnover during the first three quarters of the year. However, while performance has been pretty good, the effects of the recession have been felt in isolated sectors of engineering plant and cold store group.

For 1975 as a whole the group is expecting a turnover increase of about 7 per cent. This means that 1975 turnover should reach just under DM1.39bn. The concern is forecasting an unchanged dividend of 16 per cent. or DM8 per DM50 nominal share for the year.

The group reports that Linde AG, the parent, and its 14 domestic subsidiaries booked home orders worth DM834.4m. in the first nine months of 1975. This is a DM158.7m. increase on the same period of 1974.

Export demand was also strong and overseas orders rose by DM145.5m. to DM707.1m. Total orders during the first three quarters reached DM1.55bn.—24.4 per cent. higher than at the nine-month mark of the previous year.

By September 30, Linde says, the order book was measurably higher than at beginning of the year. But in the individual sectors performance had differed considerably. For instance, business had been particularly good in the plant manufacturing branch while the mass-produced machinery sector had been hit by the recession.

Overall group turnover rose by 13.4 per cent. in the first nine months from 1974's DM828m. to DM938.6m. Turnover for the whole of 1974 totalled very close on DM1.3bn.

Growth was particularly heavy in the plant making sector where turnover shot up by 59.4 per cent. from DM148.0m. the previous year to DM235.9m. It seems unlikely that this growth rate will be maintained for the whole year as 1974 annual turnover in the sector amounted to DM329.5m.

In contrast, the machinery and motor vehicle manufacturing sectors reported an 0.2 per cent. fall in turnover. It went down from DM370.2m. in the first three quarters of 1974 to DM369.5m.

The Linde concern's workforce at the end of September totalled 14,741, some 841 employees fewer than at the same point of 1974. However, this 5.6 per cent. decline in the numbers on the payroll did not lead to a drop in personnel costs. These, as a result of wage increase, rose by 2.8 per cent. compared with the year before to DM365m. Material costs also went up during the period under review from DM402.2m. to DM444.6m.—an increase of 10.6 per cent.

Substantial rise at Rembrandt

By Richard Rolfe

JOHANNESBURG, Nov. 24.

THE SECRETIVE Rembrandt Group, which operates extensively outside South Africa and is also a major force in the Republic's liquor and cigarette markets, has produced a substantial increase in profits at the six-month mark to end-September, following the buoyant figures last week from its liquor interests Oude Meester group (69 per cent. held by Rembrandt Group) and SA Distilleries, currently subject to a bid from Oude Meester. Rembrandt Group itself has now shown pre-tax profit up from R14.3m. to R32.4m. including, like last week's reports, results from associates where the investment is between 25 per cent. and 50 per cent., so that the figures are not strictly comparable.

Thus tax is up only from R7.3m. to R8.9m. and minority interests from R2.1m. to R3m. but the figure for share of profits retained by associates is R11.5m. and earnings per share rise from 27.4c to 62c. Stripping out the share of profits of associates, however, still means an earnings rise to 42c, the R11.5m. attribution of associates being worth 20c per share on Rembrandt Group's 52.2m. shares in issue. The Group puts capital commitments at R19.9m. against R15.6m. a year ago.

In a statement with the results, Rembrandt Group points out that earnings accrue from sources outside the Republic, mainly through the interests in Carreras, Brinkman and Schimmelpenninck held through Rothmans International, as well as from Canadian Breweries and the U.S. Liggett Group. The September Rand devaluation will therefore benefit results in due course, though the present results only benefit in this respect from the earlier and smaller devaluation in June. It points out that earnings do not accrue evenly and that profits for the six months under review will not necessarily represent half the total for the year. In Rand terms, however, it would be surprising if the second half did not show results at least as good.

The statement adds that in view of worldwide inflationary trends, reserves for the higher costs of replacement of fixed and current assets will be created by transfers from reported earnings. In the full year to last March, Rembrandt Group made R35.8m. net including R3m profit retained by associates, so a rise in earnings is clearly on the cards in the current year and with the interim dividend up from 8c to 8.8c, a rise in the 16c total dividend is likely too.

Rembrandt Group shares were a shade harder at 205c in Johannesburg as were those of the controlling companies Technical and Industrial Investments and Rembrandt Controlling Investments.

BMI keeps options open on MB John bid

BY JAMES FORTH SYDNEY, Nov. 24.

THE CHAIRMAN of Blue Metal Industries left investors guessing after to-day's annual meeting whether the company intended to counter the Wormald International takeover offer for valve maker M. B. John. BMI recently made a bid for John which was topped by Wormald. BMI has since bought John shares on the market at prices above the Wormald cash offer and under stock exchange regulations is required to lift its cash offer to at least the highest price paid. To date, BMI has not lifted its bid and John directors this week accused BMI of breaching Exchange rules.

BMI Chairman, Sir John Austin, said to-day that a decision had not been made yet because BMI did not know if Wormald would receive approval from the Trade Practices Commission.

If the TPC approved a Wormald bid, directors would reconsider the BMI offer in the light of details disclosed. Sir John referred to rumours that an American group was considering yet another counter bid, and said that BMI could make a profit of $A500,000 if it sold its 23 per cent. holding in John.

BMI bought shares at $A1.85, slightly above Wormald's cash offer of $A1.80, but below its share or share and cash bids, and well above BMI's $A1.50 cash bid. Parties close to John have since lifted the market price to $A1.90. John directors claimed that BMI should have raised its offer when it began buying. Exchange regulations stipulate that in these conditions BMI must raise its price but do not specify a time limit. They merely say the offer should be varied "as soon as practicable."

Rekstep reopens dispute with shipbuilding group

BY OUR OWN CORRESPONDENT OSLO, Nov. 24.

NORWEGIAN SHIPOWNER Hilmar Rekstep, who reached an out-of-court settlement in September of his economic differences with the Aker shipbuilding group and other creditors, including Hambros Bank, has now re-opened his dispute with Aker.

An instalment of Kr.37.5m. he was due to pay last Tuesday, under the settlement, has not been paid, and he has written to the Government and the Storting (Parliament) making a number of critical allegations about Aker's management and prospect, and claiming that he was unfairly forced into the deal.

Norway's Minister of Trade, Mr. Einar Magnussen, said to-day that Mr. Rekstep must comply with the settlement. "I can understand that Rekstep finds it difficult, but the alternative (for him) is a solution which would threaten his entire economic existence," the minister told the Oslo newspaper Arbeiderbladet. The money Rekstep owes is mainly compensation for cancelled tanker orders.

Meanwhile, the Government has decided to buy all the shares in the Spitzbergen coal company, at a total cost of Kr.41m. It acquired a substantial stake in the company earlier this year when it bought a big block of shipping and industrial shares from Rekstep, to help him meet his commitments to creditors. Now the other two major shareholders—two Bergen shipowners—have agreed to sell their shares to the state as well. The deal is expected to get Parliamentary approval.

Millaquin profits spurt

BY JAMES FORTH SYDNEY, Nov. 24.

MILLAQUIN Sugar, acquired recently by Bundaberg Sugar, has boosted net profits from $A648,000 to $A3.8m. in the year to June 30. Bundaberg directors have said they released the figures "in response to expressed interest by members of the investing public."

Millaquin put up a spirited defence before falling to Bundaberg. As one ploy Millaquin released interim profit figures, for the first time in the company's history, which showed net earnings for the December half of $A2.9m.

The Millaquin results for the full year represent a return of about 10 per cent. on Bundaberg's $A36m. takeover.

The sharp increase in Millaquin's results reflect the boom in sugar prices. Bundaberg itself recently reported a jump in earnings from $A3.6m. to $A9.36m.—and these did not include any contribution from Millaquin.

Millaquin crushed a total of 889,713 tonnes of sugar cane to produce 123,742 tonnes of raw sugar in 1974 and the estimated tonnage for the current 1975 season is 935,000 tonnes of cane and 125,000 tonnes of raw sugar.

Montefibre postpones capital restructuring

ONY ROBINSON ROME, Nov. 24.

FIBRE, ITALY'S biggest fibre group which is d by Montedison, has ely postponed its plans to write down its rom Lire 120bn. to Lire nd subsequently inject Lire 120bn. to raise the o Lire 180bn.

capital write down is as an adjustment after ated losses which are ning at a monthly rate d Lire 10bn. according efibre's managing direc- e bulk of these losses m four obsolete plants iedmont region, as well as a shortfall created by the Vallesusa textile complex. Between them, these plants account for some 8,000 workers and Montefibres efforts to close them down has met fierce union and political opposition.

By declining to go ahead with the capital restructuring under these conditions, Montedison has plainly cleared the decks for a confrontation with both Government and unions. It is implying that Montefibre as a whole, is at risk unless drastic measures are taken to rationalise lossmakers, even though this will mean a sharp rise in unemployment.

Kawasaki loss seen

MIZUSHIMA, Nov. 24.

KAWASAKI STEEL Corporation's deficit before tax and special items in the second half ending next March will probably increase from the shortfall of Y8.46bn. reported for the first half ended September 30.

This would probably be the case even if a Y3,000 per tonne rise in domestic steel product prices now being negotiated with consumers, takes effect.

But the officials said the company still expects to report an overall profit after tax by drawing on reserves and selling assets.

The first half net was Y3.5bn., down from Y4.7bn. in the preceding six months, and Y8.1bn. in the same year-ago period.

The officials said it is generally expected in steel industry circles that among the top five Japanese steelmakers, only Sumitomo metal industries may show a profit on operations in the current second half.

Reuter

New Euroclear deal

BY MARY CAMPBELL

EUROCLEAR, one of the two Eurobond clearing houses, has introduced a service under which part members who are short of bonds can borrow them from long-term investors via the Euroclear system. The service will initially apply only to straight issues and Eurobonds, narrowly defined. Foreign bonds, issued on the New York market, for instance, will not be available for borrowing.

The cost to the borrower will be 6 per cent. per annum. Of this, 3 per cent. per annum will go to the lender of the bonds and 3 per cent. will be divided between Euroclear and Morgan Guaranty. The borrower has to deposit collateral worth somewhat more than the total value of the bonds borrowed with Morgan Guaranty.

In order to prevent the facility being used to influence the market, a limit of 1 per cent. of the outstanding bonds in any one issue has been set on the overall amount which can be borrowed by any one institution. A group of institutions with common ownership would be counted as one institution. In addition Euroclear will restrict the proportion of any single issue borrowed via the scheme and still outstanding in borrowers' hands to not more than 5 per cent.

On the whole the reaction yesterday among Eurobond dealers was favourable. It was felt that this move would make a welcome addition to the liquidity of the market by cutting the likelihood of dealers losing money as a result of selling short. The market in older issues is usually pretty thin and a dealer selling short always takes the risk that he may not be able to buy the bonds at a similar price within the 45-day limit, before delivery, is required.

Although some dealers thought the costs were such as to discourage use of the facility, others pointed out that they are probably comparable to what would be paid on an unofficial borrowing such as sometimes happens at present. Some dealers also questioned the speed with which the use of the facility would catch on, since although the technique of securities borrowing is relatively common in the United States it is more unusual in European markets.

Aquitaine buys into Towne

JPERT CORNWELL PARIS, Nov. 24.

ENCH oil group Aqui- l per cent. owned by AP, has taken its diversi- into chemicals a step vith the purchase of the armaceutical company Paulsen.

al has been handled by e's specialist subsidiary the holding company group's fast-growing eutical sector. Towne present sales are only $4m. annually, but are g rapidly.

cquisition comes just a after SANOFI took a cent. stake in Ceva, an ral distribution com- hich should appreciably n the latter's research rt effort.

ine already has consider- nch holding in pharma- notably Labaz and e, and it also controls the perfume and cosmetic companies Yves Rocher and Roger et Gallet. Their total sales are already around the Fr.1bn mark.

SBC issues convertible

By John Wicks

ZURICH, Nov. 24.

THE SWISS Bank Corporation of Basle is from December 9 to 17 to float a convertible loan of Sw.Fr.120m., subject to approval from the issue commission to the increase of the loan sum from an originally foreseen level of Sw.Fr.100m. The bonds will be convertible into participation certificates of the bank. Issue to existing holders of registered shares, bearer shares and participation certificates will be in proportion to the holdings.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	96	97
Ashland 8pc 1987	89½	90½
Australia 8pc 1987	90	91
BFCE 9pc 1989	89½	90½
Borregaard 8½pc 1989	93½	94½
Carrier 8pc 1987	88	89
Conoco 8pc 1986	95½	96½
Consd. Foods 7¾pc 1991	86	87
Cutler Hammer 8pc 1987	90½	91½
EIB 9½pc 1985	100½	101½
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	88½	89½
General Motors 8¼pc 1986	101¼	102¼
GTE 8½pc 1985	95	96
ICI 7¾pc 1992	83½	84½
Nat. Grindlays 7¾pc 1987	74½	77½
Pacific Light 8pc 1980	89	90
Prov. of Quebec 7¾pc 1986	88	89
Quebec Hydro 8½pc 1989	89½	90½
Queensland 8½pc 1987	97	98
Scanraff 8½pc 1988	96	97
Shell 8pc 1986	94	95
Stand. Oil (Ind.) 8½pc 1988	98½	99½
Tenneco 7¾pc 1987	85½	86½
Transocean 8pc 1988	96	97
TRW 8½pc 1986	96½	97½
Utah 8pc 1987	90½	91½
Volvo 8¾pc 1985	99½	100½
NOTES		
Air France 9¾pc 1982	101½	102½
Aust. Ind. Dev. 10½pc 1981	103½	104½
Barclays 7¾pc 1978	97½	98½
Cie Ntl. du Rhone 10pc '82	102½	103½
Du Pont 7¾pc 1978	101½	102½
Esso 7¾pc 1978	100	101
General Motors 8¾pc 1978	100½	101½
Marubeni 9¾pc 1982	101	102
Nippon Fudosan 10¾pc 1981	102	103
Skand. Enskilda 10½pc 1981	103½	104½
Tenneco 7¾pc 1978	97½	98½
Tokyo Curacao 10¾pc 1981	101½	102½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	79½	81½
Ashland 5pc 1988	79	81
Beatrice Foods 4¼pc 1992	96½	98½
Beatrice Foods 4½pc 1992	103½	105½
Borden 5pc 1992	92½	93½
Broadway Hale 4½pc 1987	78	80
Canon Camera 7¼pc 1989	87	89
Carnation 4pc 1987	83	85
Chevron 5pc 1988	98	100
Dart 4¾pc 1987	81	83
Eastman Kodak 4½pc 1988	120	122
Economic Labs. 4¼pc 1987	80	82
Eidai 7½pc 1989	68	70
Fed. Dept. Stores 4¼pc '85	127	129
Firestone 5pc 1988	87	89
Ford 6pc 1988	85½	87½
Ford 5pc 1988	75½	77½
General Electric 4¼pc 1987	82	84
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	88	90
Gulf and Western 5pc 1988	84½	86½
Harris 5pc 1992	70	72
Honeywell 6pc 1986	78	80
ITT 4½pc 1987	68	70
Komatsu 7½pc 1990	101	103
J. Ray McDermott 4¾pc '87	111½	113½
Mitsui 7¼pc 1990	102	104
J. P. Morgan 4¾pc 1987	102	104
Nabisco 5½pc 1988	93	95
Owens Illinois 4¾pc 1987	87	89
J. C. Penney 4¾pc 1987	78	80
Pioneer 8pc 1988	100	105
Rank 4½pc 1988	41	43
Revlon 4¾pc 1987	99	101
Sperry Rand 4¼pc 1987	96	98
Squibb 4¾pc 1987	87	89
Texaco 4¾pc 1988	74½	76½
Toshiba 6¾pc 1990	101	103
Union Carbide 4¾pc 1982	100½	102½
Warner Lambert 4½pc 1987	93½	95½
Warner Lambert 4¾pc 1988	81	83
Xerox 5pc 1988	73	75

Source: Kidder, Peabody Securities.

Paris listing for Rorento

By Michael Van Os

AMSTERDAM, Nov. 24.

SHARES OF Rorento, part of the Dutch-based Robeco investment complex, will be introduced at the Paris stock exchange as from December 1.

Rorento, which started activities in July, 1974, is engaged exclusively in fixed-interest securities. It said in its half-year statement published at the beginning of last month that its managed assets had increased by Fls.40m. to Fls.153m. in the period March 1, 1975, to August 31, 1975. The company added at the time that the management was confident that for the entire year a cash dividend of Fls.4 and a "satisfactory" stock dividend could be paid.

At the end of August, the net asset value per share of Rorento amounted to Fls.111.70.

The Brazil Fund S.A. (continuation 5)

(ii) no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any capital of the Fund,

(iii) no shares in or debentures of the Fund are under option or are agreed conditionally or unconditionally to be put under option,

(iv) no amount or benefit has been paid or given (or is intended to be paid or given) to any promoter of the Fund,

(v) no shares have been or are proposed to be issued for a consideration other than cash,

(vi) there is no property to which paragraph 9 of the Fourth Schedule to the Companies Act, 1948 of Great Britain applies.

The minimum amount which, in the opinion of the Directors of the Fund, must be raised by the issue of these Final Particulars in order to provide the sums required to be provided in respect of the matters specified in paragraph 4 of the Fourth Schedule to the Companies Act, 1948 of Great Britain is $9,000,000 being wholly in respect of working capital. The Directors are of the opinion that such working capital of $9,000,000 will be sufficient. No amounts in respect of working capital are to be provided otherwise than out of the proceeds of the present issue and none of the other items referred to in the said paragraph 4 are required to be defrayed out of the proceeds of this issue.

The Fund, which has no subsidiaries, has no litigation or claims of material importance pending or threatened against it.

The preliminary expenses incurred on the formation of the Fund are estimated at $2,000 (of which an estimated $1,000 will be paid by the Fund) and the expenses of the issue of the Shares are estimated at $330,000. The balance of the preliminary expenses and the whole of the issue expenses will be borne by the Sponsors and SUIL and/or their associated investors in the following proportions: F. & C. Management Limited 25%, Murray Johnstone Limited 25%, Touche, Remnant & Co. 25%, Vickers, da Costa & Co. Bahamas Limited 17½% and SUIL 7½%.

The Fund has not established a place of business in Great Britain and is registered in Brazil under number 629423.00.

Price Waterhouse Peat & Co., of Av. Rio Branco 138-16th, Rio de Janeiro RJ, Brazil, have given and have not withdrawn their written consent to the issue of these Particulars with their Report included herein in the form and context in which it appears.

The Particulars shall have the effect where an application is made in pursuance thereof of rendering all persons concerned bound by provisions corresponding to the provisions (other than the penal provisions) of Sections 50 and 51 of the Companies Act, 1948 of Great Britain, so far as applicable. The time for the opening of the subscription lists is 9.00 a.m. on 25th November, 1975. The documents attached to the copy of the Particulars which have been delivered to the Registrar of Companies in England for registration were the written consent and copies of the material contracts listed above.

Documents for inspection

Copies of the following documents will be available for inspection during usual business hours until 9th December, 1975 at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB, England:—

(i) Statutes of the Fund;

(ii) English translations of D.L. No. 1401, Resolution 323, the Regulations and Circulars 252, 253 and 254 of the Central Bank dated 8th May, 1975 and Chapter VI of Circular 272 of the Central Bank dated 30th September, 1975;

(iii) English translations of extracts from Law 4595 dated 31st December, 1964 and of Law 4728 dated 14th July, 1965 and from the Brazilian Corporate Law;

(iv) the material contracts listed above;

(v) the Auditors' Report and consent referred to above;

(vi) a proof (subject to modification) of a BDR,

(vii) a copy of the form of the proposed Investment Advisory Agreement and Sub-letting and Other Arrangements Agreement;

(viii) a copy of the Representation Agreement;

(ix) a draft (subject to modification) of the Paying Agency Agreement;

(x) a copy of an Agreement dated 24th November, 1975 between the Subscription Agent (1) and the Shareholders' Representative (2) relating to further issues and other matters; and

(xi) a draft (subject to modification) of a letter to be exchanged between the Custodian (1) and the Shareholders' Representative (2) relating to certain expenses of the Fund.

Listing and Dealing Arrangements

It is anticipated that BDRs will be available for delivery at the offices of the Depositary on and after 19th December, 1975 and that dealings (in the BDRs only) will commence on The Stock Exchange in London on 2nd December, 1975. The Shares will be listed in units of 10 (i.e. as Depositary Shares) and will be quoted in dollars. Pending availability, BDRs will be offered for deferred settlement on 23rd December, 1975.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Mild rally: Dow index up 4.88

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 24.

A MILD rally developed on Wall Street to-day, when some investors appeared to be taking up positions in hopes of a settlement of the New York City threatened default. Some buying was encouraged by a spreading cut among major banks in their prime rate to 7½ per cent., although none followed First National City Bank of New York to 7 per cent.

The Dow Jones Industrial Average recovered 4.88 to 845.64 and the NYSE All Common Index regained 9 cents to $47.47, while rises led falls by 713-to-673. But the trading volume dipped 180,000 shares to 13.93m.

Harnischfeger rose $1½ to $25½ on improved earnings, and also an order backlog up 2.2 per cent. in the year ended October 31.

Sears, Roebuck put on $1½ to $72¾ on increased profits, while Zapata picked up $1¼ to $13¾ on higher earnings for the year.

Digital Equipment improved $3¼ to $132, Bethlehem Steel $1¼ to $33¼, Dow Chemical $1 to $91¼, A. E. Staley $2¼ to $33¼ and United Technologies $1⅜ to $48⅜.

Crane rose $½ to $44⅞ on an extra dividend of 20 cents a share.

Xerox shed $⅝ to $51⅞ on bearish comment which pointed to stiffer competition from IBM in the paper copier field. IBM gained $⅜ to $222¼.

Getty Oil dropped $4½ to $163, Helmerich and Payne lost $1 to $31¼, Amax $1¼ to $44 and Filtrol $1¼ to $6⅞.

Garlock did not trade, although Colt Industries raised its offer to $35 a share, from $32. Colt put on $½ to $26¼.

Avco slipped $½ to $4⅝—it executed a new credit agreement.

Hesston fell $2¼ to $19¾ on a September quarter net loss.

The American SE Market Value Index rose 0.24 to 84.61, but declines led advances by 330 to 271.

Basin Petroleum eased $½ to $9½ on lower quarterly profits.

Nabors Drilling declined $1½ to $22⅞ and Royal Trust "A" lost $⅝ to $20⅝.

PARIS—Mixed in very thin trading. Investors seemed to pay little attention to Prime Minister Jacques Chirac's interview in L'Express.

Oils and Chemicals were lower, but Financials and Metals were higher. Compagnie Bancaire rose in generally lower Banks.

Notable improvements were seen in Bancaire after it announced a one-for-four free scrip issue, Chargeurs Reunis, up Frs.2.9 at 176.2, Carrefour, up Frs.40 at 1,875, and Arjomari, up Frs.10.2 at 140.

The Foreign sector was quietly traded, with Eastman Kodak and IBM doing well in slightly better Americans, while Hoechst fell back in mixed Germans. Unilever lost some ground in weaker Dutch issues.

Exxon declined in irregular International Oils. Gold Mines improved slightly, while Coppers finished narrowly mixed.

BRUSSELS—Slightly up in quiet trading.

Metals led gains, with Austuriënne rising Frs.40 to 1,490. In Steels, Hainaut Sambre rose Frs.35 to 2,270, while Interbrabant put on Frs.26 to 1,446 in Electricals, Gevaert Frs.10 to 1,140 in Chemicals, and Bruxelles-Lambert Frs.10 to 1,870 in Holdings.

Petrofina shed Frs.10 to 4,815 in lower Oils.

In U.S. stocks, Westinghouse moved up Frs.32 to 516, Boeing Frs.16 to 1,004, ITT Frs.14 to 894, IBM Frs.90 to 9,150 and General Motors Frs.15 to 2,290.

AMSTERDAM—Quietly mixed.

Helma Holding rose Fls.0.50 to 41.50 but Wereldhave lost Fls.2.30 to 91.20, after trading in both stocks resumed following Wereldhave's announcement of a possible bid for Helma.

Most State Loans weakened.

COPENHAGEN — Generally higher in active trading.

GERMANY—Markets were generally firm in dull trading. The forecast of 4.5 per cent. real growth for West Germany next year by the Government's Council of Economic Advisers led to some demand for market leaders.

Chemicals and Metals were little changed, although BASF rose DM1.5 to 148.3 and Mannesmann put on DM2.8 to 289.3.

Engineerings were weak, with Demag DM3.50 lower at 184.

Motors and Banks were firm. BMW added DM3.50 at 242 and Deutsche Bank DM1.90 at 331. Commerzbank were steady at DM212 ex-rights.

Public Bonds were quietly mixed, with the Authorities selling DM3m. nominal of stock to the market. Mark Foreign Loans were well-maintained.

SWITZERLAND—Markets continued slightly irregular in dull trading.

Banks were barely steady, Financials irregular, while Insurances and Industrials were generally unchanged.

State Bonds remained quietly steady.

In a fairly quiet Foreign sector, Dollar stocks moved irregularly higher, while Dutch Internationals were very steady.

MILAN—Marginal losses outnumbered light gains as profit-taking prevailed in the last part of the session.

Bonds were slightly higher.

OSLO—Barely steady.

VIENNA — Barely steady, with Engineerings and Electricals easier, while leading Banks were little changed.

HONG KONG—Mixed in light trading.

Hong Kong Bank were up 10 cents to $HK16.50, Hutchison 1 cent to 1.69, China Light 10 cents to 13.80 and Hong Kong and Kowloon Wharf 20 cents to 11.30.

But Hong Kong Land were down 10 cents to $HK6.05 and Jardine dipped 20 cents to 21.60.

TOKYO—All Japanese markets were closed yesterday, due to Labour Thanksgiving Day.

AUSTRALIA—Mixed in lacklustre trading.

Pancontinental stood out with a 38 cents rise to $A8.10. Other Uraniums eased, with Queensland Mines off 3 cents and Kathleen 2 cents.

Utah dipped 14 cents to $A9.46.

Banks were mixed, with Bank of NSW 5 cents higher but National Bank fell 33 cents.

Most Coals were little changed. Thiess shed 5 cents to $A2.65.

JOHANNESBURG—Gold shares continued to drift downward on general lack of interest. Financial Minings followed producers down.

Coppers were little changed, while Platinums and other Metals eased.

Industrials were generally firmer.

OTHER MARKETS

Canada better

Canadian Stock Markets also turned better in moderate trading yesterday.

The Industrial Share Index rose 0.73 to 176.88, Golds 2.38 to 242.19, Western Oils 2.14 to 200.90, Utilities 0.96 to 126.41 and Banks 0.07 to 262.54. But Base Metals shed 0.25 to 73.63 and Papers eased 0.03 to 98.13.

Massey-Ferguson put on $⅜ to $20½ on its higher 1975 sales plus a contract to produce engines in Poland. Finning Tractor advanced $¾ to $10.

Pacific Petroleums improved $¾ to $27¾, as did Dominion Bridge to $26¼.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Nov. 24	68.67	169.55	845.64	82.29	13,950
21	68.79	170.80	840.76	82.66	14,110
20	68.56	171.13	843.51	82.66	16,460
19	68.70	172.03	848.24	82.69	16,820
18	68.65	174.45	856.24	83.37	20,760
17	68.83	174.57	856.66	83.82	17,660
14	68.75	173.43	853.67	83.56	16,460
13	68.75	175.38	851.23	83.40	25,070
12	68.65	175.22	852.25	83.08	23,960
11	68.51	170.03	838.56	82.57	14,640
10	68.60	169.62	836.43	82.67	14,910
7	68.56	169.98	835.80	82.75	15,930
6	68.57	169.58	840.93	82.89	18,600
5	68.60	168.18	836.27	82.66	17,590
4	68.55	167.61	830.13	82.44	11,570
3	68.67	166.36	825.72	82.31	11,400
Oct. 31	68.68	166.38	836.04	82.85	12,810
1975 High	68.82 (4/4)	174.48 (18/11)	881.81 (16/7)	87.07 (24/6)	—
Low	66.16 (5/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Nov. 21	Nov. 17	Nov. 22 1974
4.49	4.45	6.16

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	Nov 24	Nov 21	Nov 20	Nov. 19	Nov 18
51.24 (15/7)	37.06 (2/1)	47.47	47.38	47.45	47.82	48.18

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,823	713	673	437

	Nov 24	Nov 21	Nov 20	Nov. 19	Nov 18
New Highs	29	28	21	29	105
" Lows	20	25	18	17	25

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	Nov 24	Nov 21	Nov 20	Nov. 19	Nov 18
88.80 (15/7)	62.20 (2/1)	84.61	84.37	84.52	84.88	85.40
Volume (000's)		1,480	1,380	1,525	1,676	1,810

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Nov. 24	100.40	89.70
" 21	100.22	89.53
" 20	100.36	89.64
" 19	100.73	89.98
" 18	101.90	91.00
" 17	102.42	91.46
" 14	101.88	90.97
" 13	101.99	91.04
" 12	102.20	91.19
1975 High	107.40	95.61
1975 Low	77.71	70.04

* 425 Industrials. † 425 Industrials, 20 Utilities, 20 Rails.

STOCK AND BOND YIELDS

[illegible]

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Amer. Elec. Power	[illegible]	[illegible]	[illegible]
Texaco	[illegible]	[illegible]	[illegible]
Westinghouse Elec.	[illegible]	[illegible]	[illegible]
Goodyear Tire	[illegible]	[illegible]	[illegible]
Marriott	[illegible]	[illegible]	[illegible]
Amer. Tel. & Tel.	[illegible]	[illegible]	[illegible]
Weyerhaeuser	[illegible]	[illegible]	[illegible]
CITI	[illegible]	[illegible]	[illegible]
Massey-Ferguson	[illegible]	[illegible]	[illegible]
Xerox	[illegible]	[illegible]	[illegible]

TORONTO

INDUSTRIAL INDEX

Nov. 24	Nov. 21	1975 High	1975 Low
176.88	176.15	[illegible]	[illegible]

MONTREAL

INDUSTRIAL INDEX

Nov. 24	Nov. 21	1975 High	1975 Low
181.74	[illegible]	[illegible]	[illegible]

COMBINED INDEX

Nov. 24	Nov. 21	1975 High	1975 Low
179.02	[illegible]	[illegible]	[illegible]

JOHANNESBURG

	Nov. 24	Nov. 21	1975 High	1975 Low
Industrials	[illegible]	[illegible]	[illegible]	[illegible]
Gold	[illegible]	[illegible]	[illegible]	[illegible]

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Nov. 21	Nov. 17	Nov. 6
On Dividends	6.49	6.45	6.59
On Earnings	10.83	11.45	11.01

SYDNEY ALL ORD. INDEX

Nov. 24	Nov. 21	High 1975	Low 1975
412.33	412.3	[illegible]	283.38 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Nov. 24	Nov. 21	High 1975	Low 1975
[illegible]	[illegible]	[illegible]	268.24 (10/1)

HONG KONG INDEX *

Nov. 24	Nov. 21	High 1975	Low 1975
311.16	311.14	[illegible]	160.42 (8/1)

SINGAPORE INDEX §

Nov. 24	Nov. 21	High 1975	Low 1975
[illegible]	[illegible]	[illegible]	188.26 (8/1)

EUROPE

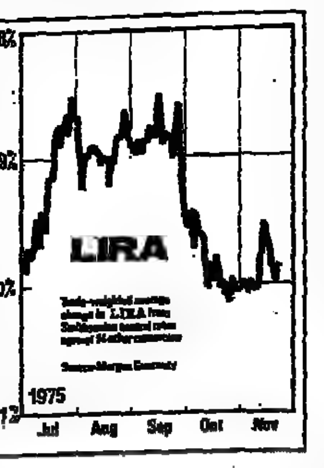
[illegible]

$ easier

The U.S. dollar continued its recent advance in early dealings in the foreign exchange market yesterday, but tended to ease around mid-day, and finished weaker against many major European currencies. The continued downward trend in U.S. banks' prime lending rates tended to undermine the dollar, but this was limited by hopes of a solution to New York's financial crisis. The dollar's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York on noon rates, widened to 2.33 per cent. from 2.31 per cent. on Friday.

Sterling remained steady against major currencies in general, but lost a little ground against the dollar. The pound's trade-weighted average depreciation since the Washington Agreement, as calculated by the Bank of England, was unchanged at 29.7 per cent., and remained at that level throughout. Sterling opened at $2.0385-2.0395 in terms of the dollar, and touched a best level of $2.0400-2.0410, before easing to $2.0365-2.0375 during the afternoon. The pound closed at $2.0375-2.0385, a fall of 35 points on the day.

Gold eased $⅝ to $140-141 in fairly quiet turnover. The metal tended to ease during most of the day from an opening level of $141½-142½. The krugerrand finished at $143½-145½ (£70¼-71¼) for domestic delivery compared with $144-146 (£70¾-71½). The coin's premium over its gold content was 2.67 per cent. in the domestic market compared with 2.65 per cent. on Friday, and 2.85 per cent., against 3.01 per cent. in international dealings.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to:	Nov. 24	Nov. 21
Sterling	0.576399	0.575995
U.S. dollar	1.17597	1.17745
Belgian franc	46.1362	46.0677
Deutsche mark	3.06034	3.05584
French franc	5.20837	5.19785
Italian lira	801.685	801.078
Japanese yen	—	356.757
Dutch guilder	3.14219	3.13378
Swedish krone	5.17888	5.17878

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Nov. 24	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf'rt	—	2.6080-46	68.75-85	6.635-646	5.310-318	97.45-55	97.50-60
N. York	38.47-50	—	22.52-55	2.647-552	2.0382-57	37.47-51	37.57-59
Paris	169.955-385	4.424-434	—	11.28½-31½	9.024-048	165.57-97	165.78-66.1
Brussels	15.05-08	39.24-27	8.86-87	—	80.01-14	14.68-71	14.69-72½
London	5.30-31	2.0375-85	9.01½-02½	79.80-80.0	—	5.44½-46½	5.45-44
Am'erdam	102.595-645	2.6707-32	60.305-355	6.3105-55	5.4495-4545	—	100.105-155
Zurich	102.37-48	2.6675-90	60.20-27	6.501-6.5100	5.4365-4405	99.90-100.0	—

U.S. $ in Montreal U.S. $=101.86-88 Canadian cents. Canadian $ in New York. Sterling in Milan 1381.30.

EURO-CURRENCY INTEREST RATES*

Nov. 24 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, and two days' notice for guilders and Swiss francs.

GOLD MARKET

	Nov. 24	Nov. 21
Gold Bullion (a fine ounce) Close	$140-141	[illegible]
Opening	$141¼-142½	[illegible]
Morning fixing	$141.35	[illegible]
Afternoon fixing	$140.60	[illegible]
Gold Coins domestically Krugerrand	$143½-145½ (£70¼-71¼)	[illegible]
New Sov'reigns	[illegible]	[illegible]
Old Sov'reigns	[illegible]	[illegible]
Gold Coins internationally Krugerrand	[illegible]	[illegible]
New Sov'reigns	[illegible]	[illegible]
Old Sov'reigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—112½% (109½%).

NEW YORK

Stock	Nov. 24	Nov. 21
Addressograph	[illegible]	[illegible]
Corning Glass	43⅞	43
CPC Int'nation'l	45⅛	44⅝
Crane	44⅜	44⅛
Johns Manville	21⅛	[illegible]
Johnson Johnson	93¼	[illegible]
Johnson Control	12¼	[illegible]

[illegible]

CANADA

[illegible]

GERMANY ◆

Nov. 24	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	88.2	+1.7	—	—
Allianz Versich.	472.5	−0.5	17	1.8
B.M.W.	242	+3.5	14	2.9
BASF	148.3	+1.5	17	5.9
Bayer	127.8	+0.2	17	6.2
Bayer Hypo	317		18	2.9

[illegible]

MILAN

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ◆

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN

[illegible]

OSLO ◆

[illegible]

AUSTRALIA

[illegible]

TOKYO ↑

[illegible]

Source Nikko Securities Tokyo

STOCKHOLM

[illegible]

VIENNA

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

SPAIN ▼

[illegible]

[T]alks on [c]offee pact [dr]ag on

[By O]ur Commodities Staff

[WEEK]END TALKS on a new [interna]tional coffee agreement [produc]ed no major breakthrough [and ne]gotiations now seem likely [to con]tinue at least until the [end] of the week.

[Dele]gates at the talks noted [a] narrowing of differences [but s]everal major obstacles [remain]. One of the most im[portant] of these is lack of agree[ment o]n the way in which short[falls in] deliveries against quotas [should] be dealt with. Exporters [genera]lly accept that these [should] be notified in advance to [the Int]ernational Coffee Organi[zation] (ICO) but no progress has [been m]ade on setting penalties [for fail]ure to do this. Consumers [regard] it as critical to define [such] a mechanism on under[takings] which protects them [against] "paper quotas" and [shortage of] them of supplies. Ex[porters] are demanding a parallel [guarant]ee that importing mem[bers wi]ll buy up the full export [quotas].

[The fe]eling that producers have [been dr]agging their heels on find[ing solu]tions to these problems [has led] to growing disenchant[ment w]ith the idea of an agree[ment a]mong consumer delegates.

[On] the London terminal [market] coffee prices ended lower [with th]e January position closing [£...]7.5 a tonne, down £7. [Dealers] attributed the fall chiefly [to indic]ations that rain damage [to the C]olombian crop might not [be as s]evere as had been indi[cated]. A Colombian representa[tive at] the London ICO talks [forecast] this year's crop could [fall b]y 10 per cent. as a result [of the] weather. Local reports [earl]ier put the damage as [high as] 20 per cent.

[Re]cord cotton [cro]p in India

[W]ASHINGTON, Nov. 24.

[INDIA E]XPECTS a record cotton [crop a]pproaching 6.4m. bales [...] net), 400,000 bales more [than las]t season's record, accord[ing to] the U.S. Agriculture [Departm]ent (USDA) Foreign [Agricult]ural Service.

[The] Indian Government [has se]t an export quota of [... b]ales for 1975-76 medium-[s]taple cotton and refused [to le]t to export shorter staple [c]otton, it said.

[The 1]975-76 Central American [c]rop will be lower, with [declines] across the board in [Guatema]la, El Salvador, Guate[mala and] Honduras, the FAS said.

Zinc producer switches to dollar price quotation

BY JOHN EDWARDS, COMMODITIES EDITOR

A CHANGE in the European zinc producer price from sterling to a U.S. dollar quotation was announced yesterday by EZ Industries in Australia and is likely to be followed by all other suppliers in due course. EZ said that effective immediately its price for zinc sold outside Australia would be US$795 a tonne, instead of £390 previously. The company pointed out that this was not a price increase. It said that by switching to a U.S. dollar quotation, it hoped that pricing problems created by changes in currency rates could be minimised.

It is confidently expected that to switch to a dollar quotation will soon be adopted by all other producers and smelters, since there has been growing discontent at the losses suffered as a result of the fall in the value of sterling reducing the price in "real" terms.

More stable

Indeed it is understood this step was nearly taken when the European zinc price was raised from £360 to £390 a tonne in October, but it was decided to make the change in two stages.

Britain will be the main country to be affected by the change, since other countries outside the U.S. which has its own producer price, are already having to convert the sterling price into their local currency.

Although the switch to a more stable currency mean less changes in the European producers price, at which the bulk of zinc is sold, for U.K. consumers it will probably mean more frequent changes.

Following the pattern set by nickel in particular, it is expected that U.K. suppliers will announce a price at the beginning of the month probably based on the exchange rate at the end of the previous month. But no change is likely until January.

Theoretically, if the value of sterling continues to weaken against the dollar, zinc prices in Britain should rise in future.

Paradoxically, however, yesterday saw a big fall in the price of zinc on the London Metal Exchange, which accounts for only a small percentage of zinc traded. The cash price plunged by £9.25 to £331.5 a tonne, the lowest point since July.

The sharp decline did not reflect great confidence in sterling, but was attributed mainly to stop-loss selling by speculators accelerated by the triggering of some chartist "sell" points on the way down. The market is basically unsettled by the failure of support buying by producers to emerge, despite the fact that the LME cash quotation is now nearly £60 below the official producer price of £390.

It is believed there was considerable forward buying at the old price of £360 for delivery in October, November and December. With demand remaining very poor and producers holding large stocks, very little zinc is being sold at present at the new price of £390. So a more realistic way of looking at the LME zinc market at the moment is to compare it with a producer price of £360

Copper down

The weakness in the LME zinc market was also aggravated yesterday by the general downturn in other metals. Copper was again undr pressure from speculative selling and cash wirebars lost £5.25 to £561.25 a tonne. Cash tin drifted by £11.5 to £3,051 a tonne, following the slight fall in the Penang market over the week-end and no sign of buying support from the buffer stock of the International Tin Agreement. Cash lead fell by £3.25 to £158.25 a tonne, reflecting the trend in copper and zinc.

A rise in LME warehouse stocks of copper, up by 4,925 tonnes to a total of 477,400 tonnes, was slightly less than expected but made little impact on the market. Zinc stocks, as anticipated, rose by 1,250 to 65,800 tonnes; lead by 175 to 81,925 tonnes; and tin by 445 to 6,500 tonnes. LME silver holdings increased by 150,000 to 17,190,000 ounces.

Doubts on Paris sugar proposals

PARIS, Nov. 24.

THE PARIS sugar community has still not finally agreed on the compromise proposals to save the Whites market, put forward by M. Jacques Pesson, the senior lawyer drafted in last summer to take charge of the Caisse de Liquidation settlement fund.

To-day some 60 representatives of the market, the trade and the sugar industry gave their views on the scheme, which revolves around acceptance of a "general settlement" price of Frs.6,017 per tonne, and a promise by all parties to drop outstanding lawsuits.

But even though it is acknowledged on all sides that the Pesson solution offers probably the last chance to put the Paris markets back on their feet after the ignominious collapse last December, doubts were expressed by several of those involved.

It is understood that the bulk of the French trade as well as the commodity clearing house, representing U.K. interests, were broadly in favour, although the CCH minuted its unhappiness with the correctness of the procedure.

One prominent foreign operator acting on behalf of Liechtenstein interests was still in basic disagreement. It now looks as though M. Pesson will have discussions with some of the doubters and perhaps modify his plan.

QUEEN'S SPEECH

Go-ahead for tied cottage abolition

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE QUEEN'S SPEECH affirmed the Government's decision to abolish the tied cottage during the present Parliamentary session, and also a declaration that roughly means that the Government intends to adapt as far as it can the Common Agricultural Policy so that it conforms to the needs of the moment.

Discussions are still going on as to the exact implementation of the tied cottage abolition. The National Farmers Union and the Country Landowners Association wish all agricultural cottages to be registered so that if a farmer has to dismiss a man, or a man leaves, he will be automatically housed by the local authority in the area.

The farm workers union is adamantly opposed to any registration which would mean the removal of their members from a cottage in which they are once established for whatever reason. The Government is still trying to make up its mind as to how to bring the measure about without affecting food production too badly.

On the question of the EEC there is no doubt at all that present British policy is to try and alter the terms of the Common Agricultural Policy materially. In particular, to make it possible for the abolition of intervention buying as a means of price support and that in the event of surplus farmers should bear some proportion of the responsibility. Also that consumers should benefit when there are surpluses which would otherwise be stored until they rotted or dumped elsewhere on world markets at very much lower prices than those operating in the nine EEC countries.

Tidying up

How far the Government will be able to get away with this is still unclear. But Mr. Fred Peart, U.K. Minister of Agriculture, came out of the last EEC Council of Agricultural Ministers meeting saying that it had approved in effect a licence for Britain to do as she wished.

The Agriculture (Miscellaneous Provisions) Bill, just published, is generally speaking a tidying up Bill for continuing Government policy towards agriculture. But it does contain a clause making it rather more difficult for landlords to get rid of their tenants. A practice has grown up in some areas where landlords were insisting on the tenants carrying out the terms of their agreements to what many considered an absurb extent and if they failed to do this, to make them leave their farms.

In future, questions of this sort will be subject to arbitration, and the arbitrator will be instructed to apply the criterion of a reasonable request by the landlord before sanctioning a notice to quit.

The Bill was also expected to contain a clause making it possible for the sons and close relatives of English tenant farmers to inherit the tenancy on their parents' death or retirement. This is the case in Scotland, but for some reason was left out of the Agricultural Holdings Act when applied to Britain.

This has been left out of the present Bill and while the NFU may not be too distressed about this, representatives of small farmers and in particular the Farmers Union of Wales are likely to be very concerned. The reason for the dropping of this particular item was probably because the Conservative Party refused to agree to it as they would to the remainder of the clauses in the Bill.

Big rise in U.K. grain imports

BY OUR COMMODITIES EDITOR

AN INCREASE of 17 per cent. in U.K. grain imports in the year from August 1975 to July 1976 is forecast by the Home Grown Cereals Authority in its latest estimate of annual supplies and demand. It calculates that cereal imports will rise in 1975/76 to a total of 8.37m. tonnes compared with the "relatively low" 1974-75 figure of 7.14m. tonnes.

Wheat imports are forecast to rise from 3.16m. to 3.59m. tonnes because of increased requirements by the animal feed industry. At the same time, maize imports are expected to go up by 500,000 tonnes to 3,660,000 tonnes, partly to offset the reduction in wheat supplies.

The Authority points out that the U.K. cereals supply position for 1975/76 has worsened considerably compared with past years, due to the fall in domestic production of about 15 per cent. to 13.8m. tonnes—the poorest crop since 1970.

The sharp decline in home output is to some extent offset by the high carry-over stocks from 1974/75, and expected declines in grain used for human and animal feed consumption. In contrast exports of U.K. barley and wheat are expected to rise sharply.

Exports of barley from the U.K. during 1974/75 reached a record level of 445,000 tonnes and the outlook for 1975/76 is for a further increase of nearly 50 per cent. Rising world prices and a fall in U.K. accession compensatory amounts made barley exports to the EEC particularly attractive for U.K. traders during the first months of the current cereal year, and exports of wheat were also encouraged.

Meanwhile, Reuter reports from Moscow that many areas of the Soviet Union are having serious difficulties in preparing grain seed for sowing next spring following one of the worst harvests in ten years. The agency quotes the newspaper Selskaya Zhizn.

The Kazakh and Byelorussian Republics—both important grain areas—and Armenia and Azerbaidzhan have fallen far behind plans in preparing seed, it said.

The newspaper said unusually sharp frosts in the West of the country before snow formed an insulating layer may have damaged autumn sowings in central Black Earth and Volga areas. Soil temperatures at root level dropped to minus 13 degrees centigrade in places.

NEW CULTIVATORS AT SMITHFIELD

By Richard Mooney

Kongskilde of Denmark has extended its range of farm implements with the introduction of two giant cultivators. The larger machine has an overall width of 32 ft and has 87 sprung tines, while the other is 26 ft 8 inches wide with 73 tines. They are priced at £2,062 and £1,899 respectively without extras such as levelling bars and trailer harrows. The company claims the smaller machine is capable of cultivating at a rate of 20 acres an hour in normal conditions.

The cultivators will be shown at next week's Smithfield show along with the Vibroflex stubble cultivator which is available with five to 15 tines and can operate at depths of up to 12 inches. The Vibroflex was at Smithfield last year but is only now coming into full production following the completion of a special £2m. factory. Total capacity is 4,000 units a year.

Europe boosting rape crop area

BY MARY CHERRY

A FORECAST by Mr. Michael Summers, of Twyford Seeds, at a conference of growers, advisers and members of the trade at Coventry that "oil seed rape" could become the European soyabean may be somewhat optimistic. But, the fact is that rape is the only oil seed crop that can be grown satisfactorily throughout the EEC and its acreage is soaring.

The U.K. crop crept to 10,000 acres in the 1960s, then encouraged by British entry into Europe rose to 30,000 acres in 1970 and soared to more than 120,000 acres this year.

Growers are showing quite exceptional interest in this crop. The organisers of two specialist conferences on the subject—Twyfords Seeds yesterday and United Oil Seeds who arranged one in London a week ago—each had to move the venue to a larger hall when overwhelmed by public demand for tickets.

Is this enthusiasm for the future of oil seed rape justified? Mr. Richard Matthews, of the international oil seed brokers Faure Fairclough clearly thinks that it is. At both the conferences he told audiences that rape seed oil could capture 9 to 10 per cent. of the market over the next few years. This could mean 80,000 tons of oil which in terms of seed would be about 200,000 tons. In France, rape seed accounted for 25 per cent. of oil consumption and in Canada 33 per cent.

"I believe we should set our sights on growing at least 200,000 tons per annum," Mr Matthews said. "Such an amount is within the capacity of the existing crushing industry in the U.K. And the protein meal which would also be produced, namely 120,000 tons, is already below existing consumption of rape meal and therefore presents no problem."

Two limitations on consumption are being overcome by the introduction of new varieties of rape. These varieties are low in erucic acid content, which is alleged to be a human health hazard, and low in glucosinolates which make meals unattractive for livestock.

Indeed, such a change was essential because of EEC standards. As regards erucic acid, the standard for rape seed for intervention will be reduced to 15 per cent. for August 1976 delivery and to 10 per cent. for August 1977.

Answering the question what will the intervention price be in 1976? Mr Matthews said: "Given that the EEC will raise its prices again in April by about 15 per cent, we should see an intervention price of about £135 per ton."

But Mr. Matthews did add that if justice were to be done to British growers, the transition period should be shortened and they should straight away be brought in line with Continental growers receiving about £150 per ton.

[CO]MMODITY MARKET REPORTS AND PRICES

[BAS]E METALS

[COPPER]—Lost further ground on the [London Me]tal Exchange. The smaller [than expec]ted rise in warehouse stocks [...] steady in early dealings with [...]tal trading at £588. Stop-loss [...] stale-bull liquidation and [...]iring opening of Comex took [...] down to £579.5 before it ended [...]n the afternoon Kerb. Turn[over ...] tonnes.

	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
[illegible]	565-5	—5.75	561-.5	—5.25
[illegible]	585.5-6	—3.5	580.5-1	—5.75
[illegible]	566	—3.5	—	......
[illegible]	553-.5	—7	549-51	—5.5
[illegible]	575-.5	—2.5	568.5-9	—5.25
[illegible]	553.5	—7	—	......
[illegible]	—	......	*55-54.7	......

[Amalga]mated Metal Corporation [report th]at in the morning cash wire[bars trade]d at £565.5, three months £586, [...]5.5, 85, 85.3. Cathodes: cash [...] months £573. Kerbs: Bars: cash £565, 64.5, late Nov. £566.5, three months £586, 85.5, 85. Afternoon: Wirebars: cash £580, 81, three months £581 to 79.5, 81.5, 81. Cathodes: three months £569. Kerbs: Bars: three months £581.5, 81.

TIN—Lower again. After opening at around £3,130, forward metal fell away owing to chartist and stop-loss selling which found the market devoid of any fresh buying. The price tumbled to £3,085 before moderate U.S. interest prompted a recovery to £3,105 on the afternoon Kerb. Turnover 840 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3056-8	—12	3050-2	—11.5
3 months	3116-8	—15	3105-7	—20
S'ment	3058	—12	—	......
Standard				
Cash	3056-8	—12	3050-2	—11.5
3 months	3116-8	—15	3105-7	—20
S'ment	3058	—12	—	......
Straits E	£996.4	—7	—	......
New York	—		*299	—3¼

Morning: Standard: cash £3,055, 60, 55, mid-Feb. £3,120, three months £3,120 to 15. High Grade: untraded. Kerbs: Standard: late-Feb. £3,100, three months £3,115, 10, 05, £3,095, 98. Afternoon: Standard: cash £3,040, 50, three months £3,095, £3,100, 05, £3,100, 05, 03, 04, 02, 04, 05. High Grade: untraded. Kerbs: Standard: three months £3,105, 06.

LEAD—Easier. After a steady opening prices gave ground in line with the general trend helped by stop-loss and chartist offerings with forward metal [illegible]

[illegible]

ZINC—[illegible]

[illegible]

SILVER

[illegible]

COCOA

[illegible]

FREIGHTS

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

GRAINS

[illegible]

grain cargo was covered from the Mississippi River to Holland at $3.30 f.i.o. for Nov.-Dec. Miscellaneous charterings included ore from Tubarao to Weser at $3.60 f.i.o. for Dec. and from Lower Buchanan to Northern Range at $3.20 f.i.o. for Dec. Coal was fixed from Hampton Roads to Hamburg at $7.10 free discharge for Dec.

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

"C" grade Nov.-Dec. £195. Bangladesh White "D" grade Nov.-Dec. £185. A long ton.

CALCUTTA—Steady. Indian Oct.-Nov. Rs.450.00 Dundee Daisee Oct.-Dec. Rs. 430.00 value. A bale of 400 lbs.

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	Nov. 24 1975	+ or —	Month ago
Metals			
Aluminium	£596	......	£596
Free Market c.i.f.	£550-640	......	£515-535
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Coffee weak as Chicago grains rise

NEW YORK, Nov. 24.

PRECIOUS METALS closed higher on speculative buying and short-covering following near-limit advances in Chicago grains which resulted from commercial and Commission-House buying. Sugar closed little changed awaiting the results of the Peruvian tender. Coffee and cocoa eased on renewed speculative selling, while copper rallied on trade buying and Commission-House short-covering, Bache reports.

Cocoa—Bahia spot 61½ (61½). Ghana spot 70 (70½). Dec. 39.17 (39.70), March 35.52 (36.10), May 33.70, July 32.33, Sept. 51.53, Dec. 50.75, March 50.10. Sales: 641 lots.

Coffee—Spot Santos No. 4 unquoted. Colombian Mams unquoted. "C" Contract: Dec 77.65-77.50 (78.25), March 75.65-75.50 (75.80), May 79.40, July 80.00, Sept 80.60-80.75. Sales: 498.

Copper—Nov. 53.10 (52.60), Dec. 53.10 (52.70), Jan. 53.70, March 54.60, May 55.90 settlements. Sales: 2,974 lots.

Cotton—Dec. 55.20 (54.25-54.20), March 57.55-57.05 (56.75), May 58.70, July 59.20-59.30, Oct. 57.10-57.20, Dec. 56.60-56.50, March 57.10 bid, May 57.20 bid. Sales: 3,000.

ϕGold—Nov. 141.00 (140.50), Dec. 141.30 (141.10), Jan. 142.10, Feb. 142.90, April 144.70, June 146.10, Aug 148.60, Oct. 150.60, Dec. 152.60, Feb. 154.00. Settlements. Sales: 1,274 lots.

Greasewool—Spot 156.0 nom. (same), Dec. 155.0-162.0 (same), March 154.0-162.0 (155.0 bid), May 152.0-156.0, July 152.0-155.0, Oct. 149.0-155.0, Dec. 148.5-155.0, March 150.0-156.5.

†Lard—Chicago loose 20.50 nom. (21 asked), NY prime steam 22 nom. (22) nom.).

††Maize—Dec. 275½ bid (265-265½), March 284-285 bid (272-272½), May 286½, July 286-286½, Sept. 280, Dec. 272, March 279.

‡Platinum—Jan. 147.60 (145.50), April 150.60 (148.70), July 154.60-154.70, Oct. 158.40-158.50, Jan. 162.00-162.10, April 165.80-165.70 settlements. Sales: 69 lots.

‡‡Silver—Spot 425.50 (same), Nov. 429.50 (425.50), Dec. 429.50 (425.60), Jan. 431.90, March 438.90, May 446.00, July 453.10, Sept. 460.30, Dec. 470.50, Jan. [illegible]

[illegible]

[Com]modities—
[Fi]rst step to surer profits.

[Most p]eople know that large amounts of money can be made [in com]modities. What some do not is that technical analysis [and ch]arting can vastly improve the odds. The best guide "Commodities—the best Speculation" has now been [revise]d and extended and is available price £2.50 from [Investm]ent Research, 28 Panton Street, Cambridge.

[PER]SONAL

[...]—FURS. Fabulous foxes, [...] Minks. Super Selection. [...] Charles, 74, New Bond St., [01]-408 2425.

GOURMET

GALLIPOLI RESTAURANT, off Old Broad St., E.C.2. Open every day for lunch dinner and dancing until 3 a.m. Cabaret twice nightly at 10.30 p.m. and 1.15 a.m. Mon. to Sat. £5.75. Tel. 588 1922.

[CO]MPANY NOTICES

GM

DIVIDEND DECLARATION.

[G]ENERAL MOTORS CORPORATION

[N]otice to Authorised Depositaries and to owners of BEARER DEPOSITARY RECEIPTS

[repre]senting units of one twentieth of a deposited share of Common Stock

[NOTIC]E IS HEREBY GIVEN that resulting from the [Corpo]ration's Declaration of a DIVIDEND of $0.60 (gross) [per sh]are of the Common Stock of the Corporation payable [on 10t]h December, 1975, there will become due in respect of [BEAR]ER DEPOSITARY RECEIPTS a gross distribution of [$0.03]s per unit.

[The D]epositary will give further NOTICE of the STERLING [EQUI]VALENT of the net distribution per UNIT payable on [or af]ter 15th December, 1975.

[CLAIM] FORMS for completion by Authorised Depositaries [...]are now obtainable from Barclays Bank Limited (as [...]) and may be lodged forthwith.

[THE] CORPORATION'S THIRD REPORT FOR 1975. [Autho]rised Depositaries are assisting in the distribution of this [...]to holders of Bearer Depositary Receipts. Copies may [also b]e obtained from Barclays Bank Limited.

[Barcl]ays Bank Limited,
[Secur]ities Services Department,
[... Lo]mbard Street,
[...] 3AH.

25th November, 1975.

STOCK EXCHANGE REPORT

A quietly dull opening to the week in equity markets

Index down 2.4 at 374.2—Gilts and Golds quiet

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 3	Nov. 13	Nov. 14	Nov. 25
Nov. 17	Nov. 27	Nov. 28	Dec. 9
Dec. 1	Dec. 11	Dec. 12	Dec. 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

In contrast to last week, equity markets made a rather dull showing yesterday. British Funds fared little better in the way of activity, although short-dated stocks were inclined firmer again in response to last Friday's news of the ¼ per cent. reduction to 7 per cent. in a U.S. Prime Rate. The Government Securities index hardened 0.01 to 58.57.

Lack of fresh buying coupled with scattered profit-taking brought a minor reaction in leading industrials, which left the FT 30-share index 2.4 lower at 374.2. What little selling there was took place during the morning, with prices virtually marking time during the rest of the session. Interest was thought to have been restrained to a certain extent pending the outcome of ICI's third-quarter results, due on Thursday.

Apart from scattered gains in response to week-end Press mention and company trading statements, features were few and far between in second-line equities. However, the general trend was no worse than mixed and rises had a slight edge over falls in FT-quoted Industrials. The more broadly based FT-Actuaries All-Share index eased 0.2 per cent. to 158.67. Official markings of 7,460 compared with 7,095 last Friday and 8,287 a week ago.

Short Gilts harden

The lack of any follow-through to Friday's late interest which followed a U.S. Prime rate reduction to 7 per cent. and the new short "tap" announcement, was most noticeable in Gilt-edged. Still reflecting the absence of the rumoured low-coupon "tap" issue, specific maturities drew a modest demand and Treasury 3¼ per cent. 1977-80 rose ⅛ to 80½, helped by a stock shortage; other improvements extended to ⅛. Medium- and longer-dated issues were basically firm but generally unaltered, apart from the long "tap" which experienced a good early demand and gained ¼ to 90½. It was established that the Government broker had raised his price to that level; dealings special ex dividend are permitted in the stock to-day. Hopes of a resumption soon of the constitutional talks caused Southern Rhodesian bonds to improve and the 2½ per cent. 1965/70 gained two points to £44.

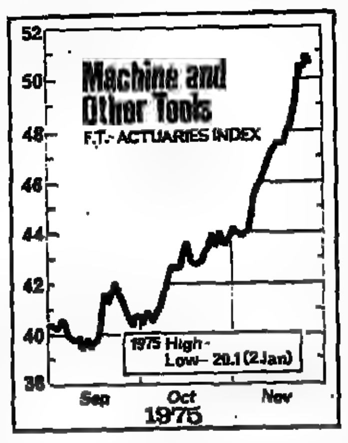
Small general demand found sellers increasingly more reluctant and in the late trading the investment currency premium rose to 112¾ per cent. for a net gain of 3½ points. Romanian bonds fetched a better balanced trade after last week's firmness and, despite newspaper mention, were finally a shade easier; the 4 per cent. Consols shed ½ to £19. Yesterday's SE conversion factor was 0.6053 (0.6084).

Brentnall Beard up

Up 12 last week on bid hopes, Brentnall Beard continued to be speculatively supported in Insurances, rising 8 more to a 1975 high of 90p. Among other generally easier Brokers, Halford Shead, 290p, gave up 4 of last week's rise of 70 which followed the agreed bid from Alexander Howden (2 off at 133p). Composite shares were quiet and tended to drift lower on lack of support. Commercial Union gave up 2 to 133p and Sun Alliance receded 3 at 447p, while Eagle Star cheapened a penny to 133p; sentiment in the latter being adversely affected by a week-end Press statement that the company may soon announce a "rights" issue.

The big four Banks closed with small irregular price movements after a small trade. Midland edged forward 2 to 298p, but Lloyds shed a penny to 238p. Bullish remarks in a broker's circular helped Bank of Scotland harden 5 to 285p, and helped National and Commercial (results due Thursday) harden a penny to 69p. Merchant banks were featured by Antony Gibbs, which were subjected to fresh speculative demand and firmed 3 to 60p, after 62p. Fraser Ansbacher hardened a penny to 10½p on Press comment, but Hambros declined 2 to 185p in front of to-day's interim results.

G. H. Downing featured Buildings, rising 7½ to 142½p on the first-half profits statement. McNeill moved up 4 to 52p, while



International Paint, 230p, and Anglo American Asphalt, 156p, put on 5 and 6 respectively. Marchwiel were 3 better at 117p as were Y. J. Lovell at 42p. Hoveringham R/V hardened 2 to 25p, but R. Costain were lowered 4 to 230p. After the interim figures and formal merger documents, Southerns-Evans closed a penny easier at 151p, while Magnet Joinery moved up 3 to 211p.

ICI were finally unchanged at 320p, after 318p; the third-quarter figures are expected on Thursday. Press comment directed attention to Alida Packaging, which improved 7 to 74p in active trading.

Grampian "A" eased 2 to 26p on further consideration of the interim report.

Brit. Home ex "rights"

Movements of note were few and far between in Stores. British Home Stores, in ex-rights form, attracted a fair amount of interest; the Ordinary ended effectively unchanged at 358p, while the new nil-paid shares opened at 78p and closed at 75p premium. Small buying in a thin market raised S. Casket 6 to 42p, while Press comment helped Dixon's Photographic to harden a penny to 59p and Allied Retailers 3 to 107p. Mothercare also moved up 3 to 176p, while other firm spots included Cornell Dresses, 1½ up at 14½p, and Status Discount 2 harder at 37p. Bolton Textile, at 11½p, gave up 1½ of Friday's rise of 1½p.

Philips' Lamp reflected the firmness of the investment currency premium with a rise of 12 to 812p, but other leading Electricals relinquished a little ground in thin trading. GEC closed 3 cheaper at 140p, after 139p, while Plessey, 77p, and BICC, 126p, shed 2 apiece.

Elsewhere, Louis Newmark improved 5 to 90p, as did George H. Scholes to 180p, while Pye Holdings gained 2 at 60p. On the other hand, Racal Electronics softened 2 to 186p ahead of interim results expected December 4, while Normand Electrical, with half-time figures due December 17, closed similarly easier at 38p.

Engineerings moved indeterminately, the leaders sometimes reacting but several secondary issues making ground on the day. Hawker settled 6 down at 332p and GKN gave up 4 to 252p, but Press mention inspired Ricardo (Engineers) to rise 7 to 94p. Others firmer for a similar reason included Francis Industries, 18p, Gordon Johnson Stephens, 26p, and Wheway Watson, 16p. Good preliminary figures raised James H. Dennis 3 to 28p, while news of the proposed early redemption put Butterfields Harvey 6¼ per cent., 1977-82, Debenture up 30 to £94 bid. Hall-Thermotank opened higher at 94p in reflection of business late last Friday, but reacted to close only a net 2 higher at 90p. Linread were adjusted 4 higher to 37p. Shipbuildings fluctuated. Robb-Caledon losing 3 finally to 44p, after 49p, and Swan Hunter ending unchanged at 59p, after 62p.

Foods closed little changed after a quiet session. FMC, down 3 at 59p, were adversely affected by Press comment ahead of tomorrow's interim statement. Associated Fisheries closed a penny easier at 24p, sentiment being upset by the "cod war." Squirrel Horn contrasted with a rise of 2 to a 1975 peak of 20p following a Press mention. Watson and Philip were quoted 1½ harder at 70p ex the "rights" issue, while the new nil-paid shares opened at 48½p and closed at 50p premium after a light trade. In Supermarkets, Lennons featured with a rise of 5 to 71p on the substantially improved first-half profits.

Apart from J. Lyons "A," 4 off at 152p, Hotels and Caterers were little changed. Pontin's finished 1½ easier at 24p ex the "rights" issue, while the new nil-paid opened at 15p and closed at 14p premium after a modest turnover.

Avon Rubber sold

The miscellaneous Industrial leaders fluctuated narrowly in much quieter trading than of late to close easier for choice. However, Pilkington rose 5 at 282p awaiting interim results, due December 4. Following last Friday's advance of 12 on the good first-half performance, Beecham moved between extremes of 346p and 342p before ending unaltered on balance at 344p. Elsewhere, Avon Rubber came on offer and retreated 6 to 42p ahead of to-morrow's annual figures. Johnson Matthey, with interim results also due to-morrow, declined 5 to 292p, while adverse Press comment took its toll of Royal Worcester, 8 down at 121p. Further consideration of the first-half results left Wedgwood 5 easier at 203p, while U.K. Optical, still on the Government's reference of privately supplied spectacles to the Price Commission, wilted 3 more to 103p for a two-day loss of 8. Zetters shed 3 to 19p, but Dundonian, on the half-time results and proposed share, sub-division, improved 8 to 183p. Favourable Press comment prompted a rise of 8 to 79p in Newey Group and raised Century Securities a penny to 12½p. United City Merchants put on 2 to 28p in response to the chairman's statement. Silentnight firmed 4 to 42p and Leisure Caravan Parks, in front of to-day's interim figures, added 2 at 80p.

After having improved initially to 183p following Press comment on the chairman's statement, Lucas reacted to close unchanged on the day at 178p. Harmo Industries saw a good two-way busines following the agreed bid from Tenneco, but ended a fraction cheaper at 37½p. Abbey Panels hardened 2 to 32p in front of to-morrow's results, but British Leyland eased a penny more to 34p despite the return to work at the company's Birmingham factory. Garages were featured by T. Cowie, which improved 5 to 33p with the help of a Press mention.

The first-half loss and interim dividend omission lowered James Cropper 3 to 26p in Paper/Printings, where Bunzl Pulp, 95p, and DRG, 120p, both improved 2. Press advice of speculative attractions put Sir Joseph Causton up 1½ to 9½p.

After last week's good recovery, leading Properties saw an active two-way trade but with profit-takers holding command. In the event, Land Securities, up 20 last week on the half-year profits improvement, closed 6 down at 181p, after 180p. MEPC finished 4 cheaper at 66p, and English Property 1¼ easier at 47p, while Amalgamated Investment gave up a penny to 16p. After last Friday's improvement of 3½ on relief with the annual statement and better-than-expected results, Capital and Counties Property ended 1½ softer at 16½p. McInerney Properties contrasted with an improvement of 3 to 23p in response to the half-time report. Press comment on bid possibilities brought an initial rise to 242p in Great Portland Estates, but the shares came back later to 236p for a net gain of only a penny. Also a shade firmer were Evans of Leeds, 48p, in front of to-day's half-time announcement.

Oils drifted a shade lower in slow trading. British Petroleum were finally 2 off at 588p, after 585p, and Shell 4 easier at 376p, while Ultramar gave up 2 at 208p. Sporadic interest developed in Berry Wiggins, 2 better at 59p, and Woodside-Burmah, in the overseas section, gained 3 to a high for the year of 101p. Contrastingly, Siebens (U.K.) fell 15 to 503p and Sunningdale cheapened 10 to 433p. News that an offshore well in Thailand had been abandoned made no impact on IOL Petroleum, unchanged at 76p.

Overseas Traders displayed a hardening tendency. Inchcape put on 4 to 337p and Sime Darby 3 to 99p, while favourable Press comment left Caroni fractionally firmer at 10½p. Lonrho relinquished an early gain of 5, but subsequently hardened to 124p for a net gain of 2 awaiting Thursday's preliminary results.

A small demand in front of to-day's preliminary results helped stockjobbers, Akroyd and Smithers harden 2 to 200p in mixed Financials. Buyers came for Peldayne, which rose 4 to 18p, after 17p, while Estates House Investments, 238p, edged forward a penny following Press mention. Northborough, however, receded a penny to 9p on the poor results.

Shippings made a quiet and uneventful start to the week. Profit-taking after week-end Press comment on the current speculation surrounding the possible sale of a large tanker brought about a reaction of 1½ to 17½p in John I. Jacobs. Furness Withy receded 6 to 214p and Walter Runciman shed 3 to 122p, after 118p. P & O Deferred, on the other hand, pushed up 1½ to 111½p.

The interim dividend omission and loss for the first-half depressed John Beales, which lost 3 to 23p, after 21p, in irregular Textiles. Hollas, at 34p, cheapened 2 as did Worth Bond to 41p; the latter's interim results are due December 11. Stroud Riley, on the other hand, hardened that much to 22p, while Bond Street Fabrics edged forward a shade to 24p following favourable week-end Press comment. Tobaccos leaders drifted lower; Bats gave up 3 at 330p and Imps receded a penny at 81p.

A fresh fall of 10 to 290p in Consolidated Tea and Lands was the only price movement worthy of note in idle Plantations.

Pancontinental 850p

Mining shares markets began the week on a quiet note with business at a minimum. Australians were generally firm in line with the Sydney and Melbourne share markets and were also helped by the firmness of the investment dollar premium.

Pancontinental were a feature, advancing 50 to an all-time high of 850p. Poseidon rose 5 to 1[illegible] after 165p, and Bougainville [illegible] Western Mining hardened to [illegible] and 146p respectively.

Coals were also firm, with [illegible] Mining rising 25 at 975p. On [the] other hand, gold produ[cers] Emperor (75p) and Gold Mines [of] Kalgoorlie (55p) were both lower.

South African Gold shares w[ere] quiet. The easier trend in tr[ans]atlantic bullion and share mar[kets] on Friday affected sentiment, [but] this was counteracted by the [rise] in the investment dollar prem[ium] and the slightly higher morn[ing] fixing of the metal.

Small Continental "cheap" [buy]ing was reported around mid-[day] but following the lower aftern[oon] fixing of bullion, share pr[ices] drifted although they were [still] marginally up on the day. [The] Gold Mines index rose 0.3 to 2[illegible] but bullion fell 75 cents to $14[illegible] per ounce.

Financials were generally ea[sier] in line with U.K. Indus[trial] markets. Gold Fields (20[illegible]) Charter Consolidated (173p) [and] Rio Tinto-Zinc (188p) were slightly easier and Cape sel[ling] lowered Union Corporation [illegible] 378p.

Platinums drifted on lack [of] interest. Potgietersrust fell [illegible] 160p and Union and Wate[rval] both lost 5 to the common p[rice] of 145p.

Coppers were firm. [illegible] advanced 20 to 200p on U.S. [buy]ing and Minorco rose 2 to 20[illegible]

In Tins, London Tin wer[e] better at 162p but Pahang fe[ll] to 38p on reports that the K[uala] Lumpur Stock Exchange has m[ade] inquiries about the uses of fu[nds] raised by the latter compa[ny's] recent "rights" issue.

Elsewhere, Sabina hardene[d to] 113p on Press comment on [a] base metal prospect in Bath[urst.] "Tanks" fell 3 at 164p on pr[ofit-]taking. Following the divi[dend] news, Beralt rose 2½ to 16p.

FINANCIAL TIMES STOCK INDICES

—	Nov. 24	Nov. 21	Nov. 20	Nov. 19	Nov. 18	Nov. 17	A year ago
Government Secs.	58.57	58.56	58.53	58.55	58.48	58.59	51.6
Fixed Interest	58.90	58.91	58.91	59.01	58.98	58.87	51.5
Industrial Ordinary	374.2	376.6	372.1	377.8	376.6	375.5	164.
Gold Mines	229.6	229.3	236.7	233.3	227.4	230.5	381.
Ord. Div. Yield %	5.65	5.62	5.70	5.62	5.65	5.66	12.2
Earnings Yld % (full) (a)	15.81	15.67	15.82	15.60	15.66	15.71	35.1
P/E Ratio (net) (a) (b)	9.20	9.28	9.21	9.34	9.28	9.27	4.2
Dealings marked	7,460	7,095	7,664	8,820	9,645	8,287	6,64
Equity turnover £m.	—	61.34	77.66	74.85	92.46	75.88	37.3
Equity bargains total	—	15,374	17,815	19,106	21,624	21,251	12,04

10 a.m. 376.2. 11 a.m. 375.2. Noon 374.3. 1 p.m. 374.5.
2 p.m. 374.9. 3 p.m. 374.6.
Latest index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil =9.13.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	377.8 (19/11)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	227.4 (15/11)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Nov. 24	Nov. 21
Daily—		
Gilt-Edged	201.5	156.[illegible]
Industrials	254.5	255.[illegible]
Speculative	59.8	46.[illegible]
Totals	169.6	161.[illegible]
5-day Av'ge		
Gilt-Edged	173.0	168.[illegible]
Industrials	295.0	306.[illegible]
Speculative	62.2	59.[illegible]
Totals	185.3	189.[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section.

EQUITY GROUPS — GROUPS & SUB-SECTIONS	Mon. Nov. 24 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) Corp. Tax 52%	Est. P/E Ratio (Nil) Corp. Tax 52%	Friday Nov. 21 Index No.	Thurs. Nov. 20 Index No.	Wed. Nov. 19 Index No.	Tuesday Nov. 18 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (179)	141.08	−0.1	16.38	5.88	9.28	9.22	141.18	141.05	142.60	145.25	55.74	[illegible]	[illegible]	[illegible]	50.71 (13/12/74)
2 Building Materials (30)	137.34	+0.5	12.99	6.99	11.76	11.76	136.59	136.85	137.47	138.19	50.75	[illegible]	[illegible]	[illegible]	44.27 (11/12/74)
3 Contracting, Construction (23)	257.33	−0.1	14.50	3.72	10.37	10.37	257.71	258.87	262.02	263.54	75.84	[illegible]	[illegible]	[illegible]	71.48 (12/12/74)
4 Electricals (17)	245.74	−0.5	16.61	4.75	8.88	8.82	246.98	246.99	249.60	254.66	97.55	[illegible]	[illegible]	[illegible]	84.71 (25/6/62)
5 Engineering (Heavy) (13)	160.63	+0.3	20.13	7.41	7.07	7.57	160.41	162.05	164.07	163.89	75.63	[illegible]	[illegible]	[illegible]	64.59 (2/1/75)
6 Engineering (General) (63)	122.06	−0.1	17.92	6.87	8.30	8.58	122.12	122.03	122.18	122.08	51.17	[illegible]	[illegible]	[illegible]	45.45 (6/1/75)
7 Machine and Other Tools (9)	50.52	−0.8	16.71	8.33	10.78	10.78	50.91	50.41	50.42	49.98	21.71	[illegible]	[illegible]	[illegible]	19.96 (13/12/74)
8 Miscellaneous (24)	119.06	−0.5	17.59	6.64	8.88	8.88	119.38	118.48	120.88	118.82	56.56	[illegible]	[illegible]	[illegible]	49.65 (6/1/75)
9 CONSUMER GOODS (DURABLE) (56)	116.82	+0.1	15.63	6.30	8.32	8.51	116.66	116.90	118.91	117.43	43.62	[illegible]	[illegible]	[illegible]	38.39 (6/1/75)
10 Electronics, Radio TV etc. (15)	128.62	+0.2	14.69	4.16	10.18	10.16	128.40	127.53	128.90	129.59	46.75	[illegible]	[illegible]	[illegible]	42.85 (12/12/74)
11 Household Goods (14)	168.48	+0.5	14.20	5.32	10.63	10.38	167.60	168.35	168.90	168.72	68.32	[illegible]	[illegible]	[illegible]	65.92 (17/12/74)
12 Motors and Distributors (27)	70.12	−0.1	18.27	6.88	8.41	8.41	70.19	69.88	69.97	70.25	25.54	[illegible]	[illegible]	[illegible]	19.91 (6/1/75)
13 CONSUMER GOODS (NON-DURABLE) (168)	150.29	−0.2	13.12	6.73	11.35	11.14	150.59	150.18	151.26	152.28	64.25	[illegible]	[illegible]	[illegible]	61.41 (13/12/74)
14 Breweries (15)	164.19	−0.9	12.47	6.28	12.14	12.14	165.71	166.44	166.76	169.33	78.81	[illegible]	[illegible]	[illegible]	69.47 (13/12/74)
15 Wines and Spirits (7)	188.68	+1.8	12.04	6.36	12.61	12.61	185.82	185.63	183.72	185.95	64.94	[illegible]	[illegible]	[illegible]	78.81 (13/12/74)
16 Entertainment, Catering (16)	180.17	−0.2	11.83	6.74	12.52	12.87	180.57	176.86	180.77	182.86	60.11	[illegible]	[illegible]	[illegible]	54.87 (9/7/74)
17 Food Manufacturing (22)	164.82	−0.3	12.84	4.90	10.85	10.85	165.43	164.36	165.63	166.80	69.98	[illegible]	[illegible]	[illegible]	59.78 (11/12/74)
18 Food Retailing (16)	149.51	−0.5	10.81	4.35	14.21	14.21	150.35	150.51	152.79	156.85	54.99	[illegible]	[illegible]	[illegible]	54.25 (11/12/74)
19 Newspapers, Publishing (15)	161.34	+0.3	14.25	5.36	10.51	10.51	160.87	159.99	160.67	159.67	62.91	[illegible]	[illegible]	[illegible]	55.08 (6/1/75)
20 Packaging and Paper (13)	101.52	+0.2	21.92	7.51	5.79	6.79	101.34	100.37	101.01	100.75	46.66	[illegible]	[illegible]	[illegible]	43.46 (6/1/75)
21 Stores (32)	127.96	−0.2	11.66	5.38	13.09	13.09	128.18	126.54	128.66	129.51	56.41	[illegible]	[illegible]	[illegible]	52.63 (6/1/75)
22 Textiles (23)	150.34	—	15.10	6.74	8.61	8.08	150.30	157.51	157.56	157.72	56.67	[illegible]	[illegible]	[illegible]	62.66 (11/12/74)
23 Tobaccos (3)	214.31	−0.5	15.81	6.29	9.82	9.82	215.05	215.40	216.47	216.86	114.33	[illegible]	[illegible]	[illegible]	94.34 (13/6/62)
24 Toys and Games (6)	65.83	−0.1	21.48	6.26	6.47	6.47	65.62	65.76	66.21	65.58	26.09	[illegible]	[illegible]	[illegible]	20.92 (6/1/75)
OTHER GROUPS (93)															
25 Chemicals (24)	193.68	+0.5	14.37	4.97	9.75	9.75	193.12	191.51	191.87	192.95	74.45	[illegible]	[illegible]	[illegible]	71.20 (11/12/74)
26 Office Equipment (10)	90.73	−1.1	14.86	5.81	9.44	9.44	90.71	91.52	92.93	94.79	54.22	[illegible]	[illegible]	[illegible]	[illegible]
27 Shipping (12)	395.69	−0.4	19.10	6.11	6.70	6.43	397.14	393.86	398.62	404.18	219.19	[illegible]	[illegible]	[illegible]	[illegible]
28 Miscellaneous (47)	155.47	−0.2	15.95	5.68	9.30	9.29	155.78	155.59	154.80	156.34	67.30	[illegible]	[illegible]	[illegible]	[illegible]
29 INDUSTRIAL GROUP (496)	149.67	−0.1	14.94	5.75	10.09	10.02	149.82	149.37	150.50	151.52	63.75	[illegible]	[illegible]	[illegible]	[illegible]
30 OILS (4)	381.06	−0.7	15.16	4.65	7.37	6.60	384.20	330.23	338.14	338.18	118.92	[illegible]	[illegible]	[illegible]	[illegible]
31 500 SHARE INDEX	164.88	−0.2	14.64	5.56	9.54	9.28	165.17	164.44	165.68	167.01	67.24	[illegible]	[illegible]	[illegible]	[illegible]
32 FINANCIAL GROUP (100)	137.78	−0.1	—	6.16	—	—	137.90	137.24	138.08	138.98	56.24	[illegible]	[illegible]	[illegible]	[illegible]
33 Banks (6)	166.26	+0.6	17.69	4.82	5.66	5.66	165.31	164.24	167.40	168.84	69.91	[illegible]	[illegible]	[illegible]	[illegible]
34 Discount Houses (9)	165.76	−0.4	—	7.44	—	—	166.26	166.82	169.90	171.13	90.76	[illegible]	[illegible]	[illegible]	[illegible]
35 Hire Purchase (5)	96.74	+0.9	—	6.85	—	—	95.92	96.88	97.19	98.58	33.04	[illegible]	[illegible]	[illegible]	[illegible]
36 Insurance (Life) (9)	126.14	—	—	6.22	—	—	126.20	126.41	126.91	129.51	46.48	[illegible]	[illegible]	[illegible]	[illegible]
37 Insurance (Composite) (7)	109.09	−0.8	—	8.27	—	—	109.78	108.96	109.74	111.72	44.76	[illegible]	[illegible]	[illegible]	[illegible]
38 Insurance (Brokers) (9)	229.51	−0.6	8.10	5.82	16.48	16.48	230.94	231.70	231.41	232.89	75.17	[illegible]	[illegible]	[illegible]	[illegible]
39 Merchant Banks (19)	88.19	−0.3	—	5.90	—	—	88.38	88.11	89.10	89.47	37.60	[illegible]	[illegible]	[illegible]	[illegible]
40 Property (32)	168.01	−0.5	3.51	3.59	46.77	44.46	166.59	166.51	162.24	157.72	75.19	[illegible]	[illegible]	[illegible]	[illegible]
41 Miscellaneous (4)	79.88	—	12.56	6.05	12.73	12.57	79.85	80.17	80.50	78.84	38.14	[illegible]	[illegible]	[illegible]	[illegible]
42 Investment Trusts (50)	175.61	−0.5	2.86	4.07	34.97	34.95	176.85	177.18	178.16	177.97	78.95	[illegible]	[illegible]	[illegible]	[illegible]
43 ALL-SHARE INDEX (650)	158.67	−0.2	—	5.42	—	—	158.99	158.53	159.61	160.63	65.25	[illegible]	[illegible]	[illegible]	[illegible]
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (9)	398.93	−0.2	16.19	5.40	9.43	9.41	398.10	400.12	408.41	410.06	284.90	[illegible]	[illegible]	[illegible]	[illegible]
45 Teas (10)	110.56	+0.1	41.84	9.55	3.50	3.54	110.48	110.49	116.74	118.48	72.56	[illegible]	[illegible]	[illegible]	[illegible]
46 Coppers (3)	270.84	+4.7	44.61	6.34	2.34	2.24	258.61	267.01	256.17	254.41	371.62	[illegible]	[illegible]	[illegible]	[illegible]
47 Mining Finance (11)	108.18	−0.2	11.08	4.72	10.19	10.19	109.39	109.26	108.99	110.37	93.66	[illegible]	[illegible]	[illegible]	[illegible]
48 Tins (6)	96.52	−0.4	11.45	8.25	11.41	10.21	96.14	94.39	94.79	94.47	61.02	[illegible]	[illegible]	[illegible]	[illegible]
49 Overseas Traders (13)	222.44	−0.7	15.07	4.69	8.49	8.49	220.82	223.04	226.62	226.74	—	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST	Monday, Nov. 24 Index No.	Yield %	Friday Nov. 21	Thurs. Nov. 20	Wed. Nov. 19	Tuesday Nov. 18	Monday Nov. 17	Friday Nov. 14	Thurs. Nov. 13	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	14.78	14.76	14.76	14.75	14.75	14.74	14.72	14.72	16.77	—	—	—	—
2 20-yr. Govt. Stocks (6)	45.59	13.92	46.62	46.68	45.69	45.58	46.70	46.75	46.81	41.41	53.09	38.27 (3/1/75)	[illegible]	[illegible]
3 20-yr. Red. Deb. & Loans (15)	46.00	15.99	46.00	46.03	46.11	46.02	46.02	46.22	46.85	37.49	50.68	37.01 (3/1/75)	[illegible]	[illegible]
4 Investment Trust Prefs. (15)	46.13	15.94	46.48	46.43	46.52	46.47	46.64	46.75	46.85	[illegible]	47.30	34.45	[illegible]	[illegible]
5 Coml. and Indl. Prefs. (20)	64.42	14.65	64.60	64.68	64.44	64.07	64.57	64.30	64.36	49.85	[illegible]	47.67 (6/1/75)	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31.12.74	100.00	Miscellaneous Financial	31.12.70	128.06
Engineering (Heavy)	31.12.71	153.84	Food Manufacturing	29.12.67	114.13
Engineering (General)	31.12.71	153.84	Food Retailing	29.12.67	114.13
Wines and Spirits	10.1.70	152.77	Insurance Brokers	29.12.67	96.67
Toys and Games	16.1.70	135.72	Mining Finance	29.12.67	100.00
Office Equipment	16.1.70	135.72	All Other	10.4.62	100.00
Industrial Group	31.12.70	128.20			

1 Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by inland post 16p. Commonwealth 13p. Foreign 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	15	320	—	322	118
Brit. H. Sts. 'New'	Nil/pd.	14	75*	—	78*	74*
Barclays Bank	£1	11	308	− 1	325	112
BP	£1	10	588	− 2	598	190
GEC	25p	10	140	− 3	147	51
Midland Bank	£1	9	298	+ 2	308	122
Shell Transport	25p	9	376	− 4	390	118
Alida Packaging	10p	8	74	+ 7	88	49
Beecham	25p	8	344	—	344	116
Cap. & Counties	25p	8	16½	− 1½	38	10½
De Beers Defd.	R0.05	8	296	− 1	333	161
Debenhams	25p	8	87	—	88	19½
Distillers	50p	8	129	—	150	83½
Glaxo	50p	8	357	− 3	427	198
Marks & Spencer	25p	8	103	− 1	128	47½

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov. 25	Dec. 8	Feb. 19	Mar. 2
Dec. 9	Dec. 22	Mar. 4	Mar. 16
Dec. 23	Jan. 5	Mar. 18	Mar. 30

"Calls" were dealt in EMI, House of Fraser, A. Monk, Dufay, Whessoe, Slater Walker, Town and City, Burmah Oil British Car Auction, International Computers, Valor, Charterhall Finance, William Press, Berry Wiggins, Lex Service and Ibstock Johnsen. No "puts" were reported, but "doubles" were arranged in Amalgamated Investment and Capital and Counties.

Industrials							
A. P. Cement	15	Guardian	18	Spillers	3	Shell	25
Assoc. Leisure	3	G.K.N.	25	Tesco	5	Ultramar	25
Barclays Bank	25	Hawker Sidd.	27	Thorn 'A'	40		
Beecham	32	House of Fraser	8	Trust Houses	12	Mines	
Boots Drug	16	I.C.I.	27	Unilever	40	Anglo Amer.	30
Bowaters	16	Imps	8	Utd. Drapery	[illegible]	Charter Cons.	18
B.A.T.	35	I.C.L.	30	Vickers	18	[illegible]	[illegible]
Brit. Leyland	3	Inveresk	[illegible]	[illegible]	[illegible]	Cons. Gold	[illegible]
BOC Int.	5	Legal & Gen.	10	Woolworths	5	De Beers Defd.	[illegible]
Burton 'A'	5	Ladbrokes	7			F. S. Geduld	[illegible]
Cadburys	4	Lloyds Bank	17	Property		[illegible]	[illegible]
Courtaulds	8	[illegible]	[illegible]	Brit. Land	3	[illegible]	[illegible]
Debenhams	4	[illegible]	[illegible]	Cap. Counties	2	[illegible]	[illegible]
Distillers	11	Lucas Inds.	20	[illegible]	[illegible]	[illegible]	[illegible]
Dunlop	7	Lyons 'A'	15	EPC	5	[illegible]	[illegible]
Eagle Star	8	'Mams'	[illegible]	Land Securities	15	[illegible]	[illegible]
E.M.I.	[illegible]	Marks & Spencer	10	MEPC	10	[illegible]	[illegible]
Gen. Accident	15	Midland Bank	25	Peachey	[illegible]	[illegible]	[illegible]
Gen. Electric	13	Nat. Westminster	23	Samuel Props.	[illegible]	[illegible]	[illegible]
Glaxo	40	P & O Defd.	12	Town & City	[illegible]	West Areas	[illegible]
Grand Met.	7	Plessey	10	Town & Commn.	[illegible]	Western M'ng	[illegible]
G.U.S. 'A'	15	R.H.M.	4	Oils			
		Rank Org. 'A'	8	Brit. Petroleum	40		
		Reed Intl.	15	Burmah Oil	8		
		Rothmans	[illegible]				
		Slater Walker	5				

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	15	1	30
Corpns. Dom. and Foreign Bonds	16	1	56
Industrials	361	277	1,113
Financial and Prop.	91	140	366
Oils	6	9	20
Plantations	5	1	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1975

Too numerous to name individually amongst the 117 new 1975 highs recorded among securities listed in the Share Information Service yesterday are given below in their sub-sections. There were 5 new lows.

NEW HIGHS (117)

BRITISH FUNDS (8)
AMERICANS (2)
CANADIANS (1)
BANKS (3)
BEERS (1)
BUILDINGS (13)
CHEMICALS (4)
DRAPERY & STORES (7)
ELECTRICALS (3)
ENGINEERING (20)
FOODS (4)
INDUSTRIALS (14)
INSURANCE (1)
MOTORS (7)
NEWSPAPERS (2)
PROPERTY (1)
SHOES (1)
TEXTILES (6)
TRUSTS (12)
OILS (2)
RUBBERS (1)
MINES (3)

NEW LOWS (5)

FOODS (1)
Assoc. Fisheries
SHIPPING (1)
[illegible]
TRUSTS (1)
Lubok Inv.
MINES (2)
Gold Kalgoorlie
[illegible]

BASE LENDING RATES

AFI International ... 11
Allied Irish Banks Ltd. 11
Anglo-Portuguese Bank 11
Henry Ansbacher ... 11
Banco de Bilbao ... 11
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett, Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Cayzer, Bowater Co. Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Copleys Bank
Corinthian Securities
Credit Lyonnais
C. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawkin & Partners
■ Hill Samuel
C. Hoare & Co.
■ Julian S. Hodge
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accepte's
Royal Trust of Canada
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Sterling Credit
Thames Guaranty
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.
* 7-day deposits 7½%, 1-month 7¾%.
† 7-day deposits on sums of £10,000 and under 7½%, up to £25,000 8%, over £25,000 8½%.
§ Demand deposits 8½%.

CORAL INDEX
Close 373-378

I.G. INDEX
GOLD 138-142

INSURANCE BASE RATES
† Atlantic Assurance
Cannon Assurance
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 11¾ per cent. (since November 14, 1975)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave a large amount of assistance by buying Treasury bills and corporation bills from the discount houses. Banks carried forward surplus balances from Friday and Government disbursements exceeded revenue payments to the Exchequer. These were outweighed however by: a net market take-up of Treasury bills, an increase in the note circulation, and settlement of official gilt-edged sales.

Discount houses paid around 11 per cent. for secured call loans in early business, and funds were available at between 10¾-11¼ per cent. during the day. Closing balances were taken at about 11-11¼ per cent. in general.

In the interbank market overnight loans commanded 11¼-11¾ per cent. at the start and after easing to 10¾-11 per cent. closed at 12-12½ per cent.

Short-term fixed period interest rates were generally easier. Yields on one, two, and three-month sterling certificates eased to 11¼-11$\frac{7}{16}$ per cent., from 11¾-11$\frac{5}{16}$ per cent. Discount houses buying rates for Treasury bills and fine bank bills also declined by $\frac{1}{16}$ per cent. to ⅛ per cent.

Rates in the table below are nominal in some cases.

Nov. 24 1975	Sterling Certificates of deposits	Interbank	Local Authority deposit†	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills Φ	Bank bills Φ	Fine trade bills Φ
Overnight	—	10¾-12½	—	—	—	11⅛-13	10¾-11¼	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
†7 days or 7 days notice	—	11¼-11⅛	11⅛-11⅜	—	—	—	11-11⅛	—	—	—
One month	11¼-11$\frac{7}{16}$	11$\frac{7}{16}$-11¼	11⅜-11⅝	11⅝-11	11½-12½	—	11-11⅛	11-10⅞	11$\frac{1}{16}$-11⅛	11½
Two months	11¼-11$\frac{7}{16}$	11$\frac{7}{16}$-11$\frac{5}{16}$	—	11½-11	11½-12½	—	11	11-10$\frac{31}{32}$	11⅛-11$\frac{1}{16}$	11¼
Three months	11¼-11$\frac{7}{16}$	11$\frac{7}{16}$-11⅝	11¼-11½	11½-11	11½-12½	—	10⅞-11	11$\frac{1}{32}$-11	11	11⅝
Six months	11⅝-11$\frac{7}{16}$	11⅛-11$\frac{7}{16}$	11½-11⅝	11½-11	11½-12½	—	—	—	11	12
Nine months	11⅝-11$\frac{5}{16}$	11$\frac{7}{16}$-11½	—	11¾-11¼	11½-13	—	—	—	—	—
One year	11$\frac{7}{16}$-11¼	11$\frac{9}{16}$-11⅝	12$\frac{1}{16}$-12$\frac{3}{16}$	11¾-11¼	11½-13	—	—	—	—	—
Two years	—	11⅞-12	12⅝-12¼	12¼-11⅝	—	—	—	—	—	—

† Local authority and finance houses seven days' notice others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¼-13½ per cent.; four years 13½-13¾ per cent.; five years 14 per cent. Φ Bank bill rates in table are buying rates for prime paper, buying rates for four-month bank bills 11 per cent.; and four-month trade bills 11½ per cent. Approximate selling rates for one-month Treasury bills 10¾-10$\frac{15}{16}$ per cent.; two-month 10$\frac{29}{32}$-10¾ per cent.; three-month 10$\frac{15}{16}$-10$\frac{29}{32}$ per cent. Approximate selling rates for one-month Bank bills 11$\frac{1}{16}$-11 per cent.; two-month 11-10$\frac{15}{16}$ per cent.; and three-month 10$\frac{15}{16}$-10⅞ per cent.; for one-month trade bills 11½ per cent.; two-month 11$\frac{5}{32}$ per cent.; and three-month 11$\frac{5}{32}$ per cent.

Finance House Base Rate (published by the Finance Houses Association) 11½ per cent from November 1. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Rates for lending 11 per cent. Treasury Bills: Average tender rates of discount 11.0365 per cent.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

P.M.A.	37	+3	Concrete Prods.	80	......
Pearce (C. H.)	62	......	Goodbody (£1)	24	......
Peel Mills	12	......	Heiton (Hldgs.)	30	......
Richards 10p	12	......	Irish Distillers	75	......
RobbCaledon5p.	44	−3	Irish Wire	40	......
Sayers 12½p	8	......	Jacob	66	......
Sheffield Brick	65	......	Sunbeam	10	......
Sheff. Refrshmt	141	......	Unidare	63	......

[LEG]AL NOTICES

No. 003750 of 1975
[IN THE] HIGH COURT OF JUSTICE [Chancery] Division Companies Court. In [the Matter] of SARONTOWER DEVELOP[MENTS L]IMITED and in the Matter of [the Compan]ies Act, 1948.
[NOTICE] IS HEREBY GIVEN that a [Petition f]or the winding up of the [above-name]d Company by the High Court [of Justice] was on the 12th day of [November] 1975 presented to the said [Court by] EASTERNS PROPERTY [INVESTME]NTS LIMITED whose regis[tered office] is situate at 25 Grosvenor [Street, Lon]don, W.1, and that the said [Petition] is directed to be heard [before the] Court sitting at the Royal [Courts of] Justice, Strand, London WC2A [2LL, on th]e 8th day of December, 1975, [and any c]reditor or contributory of the [said Comp]any desirous to support or [oppose the] making of an Order on the [said Petiti]on may appear at the time [of hearing] in person or by his Counsel for [that purpo]se; and a copy of the Petition [will be f]urnished by the undersigned [to any cr]editor or contributory of the [said Comp]any requiring such copy on [payment o]f the regulated charge for [the same.]

[...]MUSS, SAINER & WEBB,
[...] Serjeants' Inn,
[Lon]don, EC4Y 1LT.
[Soli]citors for the Petitioner.
[NOTE.—]Any person who intends to [appear on] the hearing of the said [Petition m]ust serve on or send by post [to the ab]ove-named, notice in writing [of his int]ention so to do. The notice [must state] the name and address of [the perso]n, or, if a firm, the name [and addres]s of the firm and must be [signed by] the person or firm, or his [or their] solicitor (if any), and must [be served], or, if posted, must be sent [by post in] sufficient time to reach the [above-name]d not later than four o'clock [in the af]ternoon of the 5th day of [December] 1975.

No. 003806 of 1975
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HIGHWAY SIGNS LIMITED and in the Matter of The Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 17th day of November 1975, presented to the said Court by ALCAN METAL CENTRES LIMITED whose registered office is situate at Midland Works, Canegate Road, Tipton, Staffordshire, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 15th day of December 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
109, Kingsway,
London, W.C.2.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of December 1975.

[CO]MPANY NOTICES

[...]S KOMMUNALBANK 5¼%
[1]983 UA 12,000,000 LOAN

[...] for the amount of UA 137,250 [have be]en drawn for redemption in [the prese]nce of a Notary Public on [Novembe]r 10, 1975. The Bonds will [be reimb]ursed cum coupon No. 14 on [or after] January 15, 1976.
[The n]umbers of said bonds are as [follows:]

[...] of nominal UA 1,000 (107)
[...] 8065 incl. 8073 to 8075 incl.
[...]7 to 8139 incl. 8141
[...]8153 incl. 8155 to 8161 incl.
[...]8176 incl. 8195 to 8202 incl.
[...] nominal UA 250 Series A (31)
[...]5 11565 incl. 11570 to 11572
[...]. 11577 to 11584 incl.
[...] nominal UA 250 Series B (30)
[...]5 11666 incl. 11669 to 11674 incl.
[...] nominal UA 250 Series C (30)
11385 to 11414 incl.
[...] nominal UA 250 Series D (30)
[...]5 10170 incl. 10172 to 10176
[1]0178 10180 to 10187 incl.
[...] called for redemption
UA 720,000.—
[P]urchased on the market:
UA 582,750.—
[U]namortized:
UA 6,277,000.—
[Outsta]nding drawn Bonds.
[Bon]ds of nominal UA 1,000
[...] 1807 - 1628 to 1632 incl. - [...]1672 incl. - 1816 to 1818 [...]080 - 2085 - 2789 - 7769 to [...]cl. - 7788 - 7817 - 7935 - [...] 7944 - 7968 and 7969.
[...] nominal UA 250 Series A [...] 11945 and 11946 - 11950 [...]2 incl. - 11954 - 11957 and 11958.
[...] of nominal UA 250 Series B [...]and 11181 - 11186 - 11195 - 11215 to 11217 incl. - 11220 and 11221.
[...] nominal UA 250 Series C [...]nd 11075 - 11100 - 11124 - 11164
[...] nominal UA 250 Series D [...] 11596 to 11600 incl. - [...] - 11657 to 11665 incl.

THE TRUSTEE.
KREDIETBANK.
S.A. Luxembourgeoise.
[Luxem]bourg.
[Novem]ber 25, 1975.

McCARTHY GROUP LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS
PREFERENCE DIVIDEND NO. 56

NOTICE IS HEREBY GIVEN that fifty-sixth half-yearly preference dividend at the rate of 5½ (five and a half) cents per share has been declared by the directors and payable to holders of preference shares registered in the books of the company at th close of business on the 31st December 1975.

The dividend is declared in the currency of the Republic of South Africa.

For the purpose of establishing the shareholders entitled to participate in this dividend, the preference TRANSFER REGISTER of the company will be CLOSED from 1st January 1976, to 9th January, 1976 both days inclusive.

Dividend warrants will be posted to shareholders on or about the 31st January, 1976.

In terms of the Republic of South Africa Income Tax Act of 1962 (as amended) the non-resident shareholders' tax of 15% will be deducted by the company from dividends payable to shareholders whose addresses in the register are outside the Republic of South Africa.

By Order of the Board.
C. R. BANNISTER, F.C.I.S.
Secretary.

Registered Office:
1101 Nedbank Circle,
577, Point Road,
Durban.

21st November, 1975.

[...]IDS BREWERY LIMITED

[NOTICE] IS HEREBY GIVEN that the [Register] and TRANSFER BOOKS of the [...]ulative Preference Shares of the [C]ompany will be CLOSED on the [... Dec]ember, 1975, for the prepara[tion of th]e dividend warrants.
[B]y Order of the Board.
J. G. ROBERTSON,
Secretary.

CORPORATION LOANS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

AMERICANS

S.E. List Premium 63¾% (based on $2.0642 per £)

CANADIANS

S.E. List Premium 63¾% (based on $2.0403 per £)

Conversion factor 0.6462 (0.6884)

††BANKS AND HIRE PURCHASE

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's	P/E
22	12	Alderman Sec 10p.	21	......	+0.67	ф	4.9	ф
235	135	Alexanders D £1	220	−5	g11.66	—	8.2	—
£114	£67	Algemene Fl 100.	£98½	......	Qh20%	1.8	3.6	15.3
400	190	Allen Harvey £1	360	......	†13.5	—	5.8	—
142	45	Allied Irish.	130	......	Q25%	—	4.8	—
77	14	Anglo Contnl	51	......	—	—	—	20.5
185	95	Arbuthnot L. £1	180	......	†7.61	—	6.6	—
430	170	Aust. & N.Z. £1	422	−8	†9.09	—	3.3	—
£57	£21⅛	BankAmer $3.125	£34½	+1	Q$1.48	—	0.0	—
40	22½	Bk. Hapoalim I£1	32¾	......	Qsh9.4%	—	2.0	—
370	120	Bk. Ireland £1	370	......	Qh16%	—	4.3	—
£151	£66	Do. 10pc Cv. 91-96.	£151	+1	Q10%	—	f6.7	—
23	16½	Bk. Leumi I£1	22	......	Q16%	—	5.2	—
230	180	Bk. Leumi (U.K.) £1	220	......	7.25	—	5.1	—
720	370	Bk. N.S.W. $A2	670	+15	Q28c	—	2.4	—
295	104	Bank Scotland £1.	285	+5	†8.31	3.5	4.5	9.7
£71⅛	£20⅝	Bankers N.Y. $10	£25¾	+¼	Q$3.00	—	5.7	—
325	112	Barclays £1.	308	−1	†8.29	4.2	4.1	8.9
73	19	Bates (Edward)	40	−2	—	—	—	—
76	18	Bowring (C. T.)	76	......	†2.11	2.2	4.3	16.0
235	75	Brown Shipley £1	190	......	6.94	—	5.6	—
265	110	Cater Ryder £1	255xd	......	14.40	—	8.7	—
13	£	Cedar Hldgs 20p	13	......	†1.4	1.5	‡	—
67	48	Clive Dis'nt 20p	61	−1	3.0	—	7.6	—
285	149	Com'l Aus. ($A1)	275	......	Q14%	—	2.9	—
£14⅞	£10⅛	Com'zbk DM10	£13w	−⅛	Q17%	—	2.3	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Trusts, Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£14¼	250	Durban Deep R1	290		Q110c	ф	[illegible]
£14	520	E. Rand Prp. R1	560	+5	Q115c	ф	[illegible]
105	20	Rand Leases 2½	25	+1	—	—	—
£34½	£19¾	Randf'tn Est. R2	£26¼	−¼	—	—	—
500	330	West Rand R1	340	+2	Q40c	1.3	[illegible]

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
370	165	Bracken R1	178	−2	Q53c	ф	[illegible]
23	5	Daggafontein 50c	10	−2	—	—	[illegible]
105	35	East Dag. R1	35	−2	Q25c	ф	[illegible]
140	[illegible]	Grnt. Areas 5c	140ж		—	—	[illegible]
380	115	Grootvlei 50c	120	+2	[illegible]	1.1	[illegible]
820	385	Kinross R1	410		[illegible]	ф	[illegible]
190	62	Leslie 50c	65	+1	Q18c	ф	15.5
550	165	Marievale 50c	185	−5	[illegible]	1.1	[illegible]
725	180	S. African Ld. 35c	195		Q95c	1.2	[illegible]
265	82	Vlakfontein R1	100		Q35c	1.3	[illegible]
£13¾	710	Winkelhaak R1	715	+5	Q108	ф	[illegible]
120	36	Wit. Nigel 25c	56		—	—	1.4

FAR WEST RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£11	615	Blyvoor 25c	620		Q100c	1.3	[illegible]
£21½	£12¼	Buffels R1	£12½		Q160c	1.4	[illegible]
430	195	Deelkraal R0.20	195		—	—	—
£14¼	610	Doornfontein R1	620	−10	Q110c	1.4	[illegible]
£12¾	725	East Drie R1	850		[illegible]	ф	[illegible]
450	190	Elsburg R1	200		[illegible]	—	[illegible]
£31	£15	Hartebeest R1	£16¼		Q215c	1.4	[illegible]
£13¼	620	Kloof Gold R1	640	−10	Q55c	1.4	[illegible]
£17¼	575	Libanon R1	580	−10	Q110c	1.9	10.5
£13¼	600	Southvaal 50c	655	−5	Q9c	0.9	[illegible]
480	210	Stilfontein 50c	220		[illegible]	1.3	[illegible]
£33¼	£17	Vaal Reefs 50c	£19¼	+¼	[illegible]	1.7	[illegible]
£11½	280	Venterspost R1	290		[illegible]	1.9	13.3
£55	£33	W. Drie R1	£35¼		Q455c	1.2	[illegible]

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
8½	3	Burma Mine 17½p	8		m0.5	—	1.7
65	17	Charterhall 5p	37	−2	—	—	—
115	40	Colby Mines $1	60		—	—	—
810	360	Cons. Murch. 10c	730		tQ130c	2.2	‡
53½	29½	Lauraslin	40		—	—	—
375	200	Northgate C$1	245	+5	tQ25c	1.0	5.6
211	80	R.T.Z.	183xd	−1	t5.51	4.4	4.6
135	47½	Sabina Inds. C$1	115	+1	—	—	—
81	45	Stanford Mines$1	54	+1	—	—	—
£12½	874	Tara Exptn. $1	£10½		—	—	—
78	38	Yukon Cons. C$1	70		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ф Figures or report awaited.
- †† Banks and Insurance reserve allocations may preclude calculation of dividend cover.
- ∯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- ♦ Based on 1973 profits.
- ǂ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♁ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.
A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 29

FINANCIAL TIMES

Tuesday November 25 1975

Noon decision on Royal Navy aid for 'cod war' trawlers

BY JAMES McDONALD IN LONDON AND JOHN H. MAGNUSSEN IN REYKJAVIK

A MEETING last night between leaders of the British trawler industry and five Ministers ended after less than an hour with no promise of immediate naval support for trawlers fishing within the 200-mile limit Iceland is seeking to impose.

The only promise given to the trawling industry's liaison committee by the Ministers, according to industry sources, would be that the Ministers would decide by noon to-day whether to call in the Navy.

Mr. Auston Laing, director general of the British Trawlers' Federation, said after the meeting: "I think the trawlermen will be patient and understanding when they hear, as they will, that a decision will be taken to-morrow."

But the federation, it is understood, has already heard reports that some of the 30 to 40 trawlers off the south-east Iceland coast are dispersing, some outside the 200-mile limit.

In Iceland, pressure was mounting against any form of agreement with foreign nations which would allow their trawler fleets to fish inside the unilateral 200-miles fishing limit.

This growing antagonism towards any foreign fishing within the limits compares with the *recent offer by the Icelandic* Government to the U.K. of 65,000 tonnes a year and the U.K.'s counter-suggestion of 110,000 tonnes. The tentative agreement between Iceland and West Germany for a much smaller cod catch within the 200-mile zone is also under attack.

Mr. Bjorn Jonsson, chairman of the Icelandic Federation of Labour, told the Financial Times yesterday: "The Icelandic Labour movement is united in *its fight against any sort of an* agreement with the West German and British Governments which would permit their trawler fleets to fish inside the 200-mile limit."

Agreement

He added that the Icelandic Federation of Labour and a number of different unions had already issued statements against the proposed agreement reached *in Bonn last Friday* with the West German Government. The Association of Unskilled Labour yesterday issued a strong protest against any agreement with West Germany and Britain; this association accounts for 40 per cent. of the total membership in the Federation of Labour.

An "Anti-Agreement" committee formed this month by two unions, the Opposition political parties and independent interest *groups is planning to propose* a one-day unofficial strike on Thursday to protest against the proposed West German agreement.

The Icelandic cabinet met yesterday to discuss the proposed agreement with Germany. Mr. Hallgrimsson, the Prime Minister, will introduce the tentative agreement in Parliament *either to-day* or to-morrow and a tough debate is expected.

There were no firm indications yesterday that British trawler skippers within 200 miles of Iceland had carried out their threat to withdraw unless British naval support was forthcoming.

In the Commons yesterday afternoon Mr. William Rodgers, Minister of State for Defence, carefully left open the question of whether the Royal Navy would be sent in to protect the trawlers, and reinforce the four unarmed civilian support vessels which are claimed by the skippers to be in*adequate against the harassment* by six Icelandic gunboats.

He said the question would be discussed at the meeting later in *the day* with the industry's liaison committee.

The Government, he told MPs, intended to take "all necessary measures to enable us to provide further protection on time should it be necessary," after being pressed by Mr. G. Younger, a Conservative defence spokesman, *to give an assurance that naval* vessels would be moved to the

vicinity to help quickly if needed.

Mr. Rodgers added that skippers at present fishing off Iceland were being recommended to stay where they were. "We hope the problem will be solved by negotiation." The Government was very anxious to provide protection without provocation, and there should be no premature escalation of the present difficult circumstances.

An RAF Nimrod reconnaissance aircraft was over the fishing grounds yesterday, and further flights are being arranged.

Parliament Page 16
Editorial comment Page 18

Unionists will save Labour

By John Bourne, Lobby Editor

GOVERNMENT WHIPS had a last-minute bout of nervousness yesterday before to-night's crucial vote on the Tories' economic amendment to the Queen's Speech, but they will almost certainly be saved by the ten United Ulster Unionist MPs, led by Mr. Enoch Powell.

Mr. Powell, who has helped Labour on more than one occasion, will tell the Commons *to-day* that he and his colleagues will abstain, on the ground that the Conservative Opposition has not been particularly effective, nor has it offered any clear alternative economic policy to that of the Government.

Earlier yesterday the Government had been alarmed by the *sudden decision of the Liberal* MPs to support the Conservative amendment, which regrets that the Queen's Speech contains "no practical policies to solve the U.K.'s serious financial and economic problems."

The other two parties to go into the Conservative lobby to-night will be the Scottish *and probably* also the Welsh Nationalists, which both deplore the Government's decision to delay its promised devolution legislation until 1976-77.

Meanwhile at a Press conference last night the SNP made it clear that the Government's devolution White Paper on Thursday is certain to fall far short of its own party's latest demands.

Mr. George Reid, their devolution spokesman, said that what Scotland needed was an imaginative and courageous White Paper which "reflects the burgeoning ambition of the Scottish people"

Demands

The SNP's latest demands, he said, include powers over the following functions in addition to those at present under the control of the Secretary of State for Scotland:—

- The levying of all taxation in Scotland, including oil revenues. The Scottish Assembly would then pay Westminster a negotiated contribution for the services which continued to be provided on a joint basis with Whitehall, including defence.
- The activities of the Departments of Trade, Industry, Energy, Employment, Environment, Social Security and also of the National Enterprise Board. The Scottish Development Agency should come under the Assembly.
- All nationalised industries in Scotland, including the Post Office.
- Power over all aspects of the development of oil in the Scottish sector of the North Sea.

Parliament, Page 16

£16m. Giro losses to be written off

BY MICHAEL BLANDEN

THE GOVERNMENT plans to *write-off £16.7m. of the past losses* of the National Giro and convert £13m. of its debts into public dividend capital on the lines already adopted for other public corporations.

At the same time, the way is being cleared for the Giro—the banking arm of the Post Office—to extend its banking services much more widely to include loans and overdrafts for personal and corporate customers and *other activities*.

The changes were set out in a Bill introduced in the House of Commons yesterday and in an accompanying White Paper.*

The Government stated its belief that "the new arrangements will establish Giro with a sound financial basis on which *to develop its full potential* to the social and economic benefit of the community." In attracting weekly-paid personal account holders it would promote the "socially desirable aim of spreading the banking habit more widely and thus of reducing the costly and insecure use of *cash for wages*."

The Government's proposals, originally outlined last March, are likely to attract renewed criticism from the Opposition. The big clearing banks, which have in the past been concerned at the prospect of competition from a State-owned organisation, may, however, take the development quietly against the background of the parallel moves to expand the services of the Trustee Savings Banks.

The White Paper says that, by the end of the last financial year in March, Giro's outstanding *debt amounted to £42.5m.*, financing net assets of £9.1m. and an accumulated deficit of £33.4m. "The amount of the debt is such that the interest payable on it will continue for some years to exceed the trading profits and so will add to the amount of debt to be serviced," giving "no prospect of Giro's achieving lasting viability for a long time to come."

Half the past losses are to be *written off, therefore, while half* of the remaining indebtedness is to be converted into public dividend capital.

*As a result, the overall reduc*tion in Giro's liability to pay interest is expected to be of the order of £20m. over the five years from 1975-76 to 1979-80. Against this, however, the public dividend capital—effectively a State equity investment in Giro—will attract dividends, expected to be not less than the interest which would otherwise be paid on the debt over the five year period.

As part of the arrangement, a *new financial objective is* to be be set for Giro. Reassuring the competing banks, the White Paper *says* the objective "will be realistic and sufficiently demanding to ensure fair competition with other institutions."

Under existing legislation, the Government is also authorising the gradual development of the Giro's banking services. Personal loans are already being offered, totalling some £1m. now. *Giro hopes to make personal* overdrafts available during the course of the next financial year to customers who have their pay credited direct to Giro accounts.

It is expected that a start on overdrafts for large public bodies—local authorities and nationalised industries—will be made shortly. Overdrafts for private business will be offered later after experience has been gained in the public sector.

It is also accepted in principle that Giro should be authorised to provide other banking services such as credit cards, cheque guarantee cards and bridging loans, subject to detailed discussions with the Government. As banking business develops it is *intended* that Giro should become subject to the same monetary controls as other banks.

* *The Development of National Giro, Cmmd. 6344, HMSO.*

Men and Matters Page 18

THE LEX COLUMN

Window on Magnet Southerns

The merger document from Magnet Joinery and Southerns-Evans allows a brief glimpse of what the new group holds in store. And the interim results from the two companies reaffirm that both are now beginning to emerge from their earnings trough.

Magnet's profits for the six months to August are 23 per cent. lower at £2.4m. pre-tax. But price rises in April are lifting margins, and third-quarter volume is up about 4 per cent. to date. Capacity utilisation—which was down to around 80 per cent. in some areas last year—is improving, and the top slice of Magnet's margins could be substantially restored once S-E starts to push some £5m. (close on a fifth of Magnet's historic turnover) of hitherto contracted joinery work through Magnet's plants.

For its part, S-E is 11 per cent. ahead at £2.78m. pre-tax in the six months to September with margins widening a fifth against the second half of last year. Volume rose 5 per cent., and timber prices are now nearly a tenth of their bottom on average. And the balanced joinery/construction mix of the new group is expected to have a considerable impact on buying muscle.

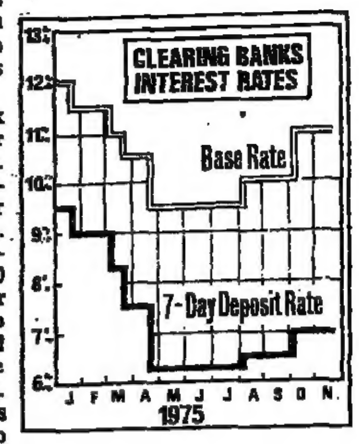
*The share prices of both com*panies have risen by well over half since the deal was announced, and seldom has the market taken a merger so quickly to its bosom. The combined market capitalisation of £47.1m. points to a forecast yield of 5.1 per cent. at least for Magnet Southerns this year. If earnings can touch 18p next year—against 14.9p in 1974-75—there is clearly scope for another sizeable increase in the 5p a share net dividend.

See also Page 30

Clearing banks

Brimming with liquidity, the clearing banks are eagerly awaiting an improvement in loan demand. The consensus is that the signs of a slight upturn in the October figures have not been confirmed in recent weeks, but the bankers expect that when the turnround finally arrives it will be sharp. That could provide the basis of a much stronger profits performance in 1976, and the Bank of England has formally recognised the need for retained profits to make a "substantial contribution" to the maintenance of capital bases in in-

Index fell 2.4 to 374.2



flationary periods. Already the banks have taken significant action to widen their profit margins by increasing the gap between base rate and branch deposit rate from 2½ to 4 points this year.

Even for the current half-year the prospects seem rather brighter at operating profit level than at the interim stage, given the two rises in base rates since July. But that has been partly spoilt by events in the lifeboat, which the market reckons could lead to £50m. or so provisions for FNFC being spread around the clearers. Some clues to this may come from the National and Commercial Banking results on Thursday. But although the clearers have discussed the *FNFC problem* among themselves, it is not certain that they will all treat it the same way in their accounts.

*Meanwhile the thorny sub*ject of capital adequacy remains a constraint upon share prices, with the emphasis, following the last Bank of England Bulletin, firmly shifted to free capital—that is, capital resources less the book value of the infrastructure. Outsiders are reduced to guesswork here, for ratios are calculated by the Bank relative to the risks in different classes of assets, whether forced sale risks, credit risks, or both. At this *stage, however*, it looks as though among the Big Four Lloyds is regarded by the analysts as the most likely rights issue candidate, especially after the Grindlays support operation. But then, the clearers have been showing flexibility in their policy on capital adequacy, with Barclays and Midland opting for ordinated debt, and Nat choosing a major asset disp

Share prices

The All-share index is, more than 30 per cent. belov 1972 peak, but according dataStream's figures, as m as 35 companies with a capi sation of over £10m. are within five per cent. of, or their five year highs. In r cases, this is also the all-t high, though among the ex tions, ICI, for example, is 14 per cent. below its 1968 p A predictable feature of the is that many of the compa have an international ra than a purely U.K. profits —with blue-chips such as Unilever, BATs and Beech It also includes two contrac with large overseas interest Costain and Wimpey, *a lea* exporter (Wedgwood) traditional sources of for earnings such as four insura brokers, and a number of in national traders.

An old-fashioned gro stock (Associated Dairies) a currently fashionable (EMI) appear on the list. almost as illuminating are absentees, since there are banks, engineers, gen retailers, property develo or textile and consumer dur groups—and comparatively among those shares are e within a fifth of their five-y highs.

Rothmans

Interim figures from Rembrandt Group fully port current year reco targets for its main associ *Rothmans International*. R brandt's complicated struc rules out precise extrapolati but Rothmans could account roughly a third of its ove profits (including interest ceipts) and the trend is cle moving in the right direct Rothmans was under he pressure towards the end of year, but the hope is that half-year figures — expe next month—will be at l maintained and that a stantial turnround will s later in the year on the bacl price increases in Germany

The shares have alre reacted very strongly to *prospects of a profits gain* third or more for the year, now yield less than Imps. then its dividend could covered over *four* times year.

New cash offer by BA may bring peace in TriStar dispute

BY CHRISTIAN TYLER, LABOUR STAFF

A NEW CASH offer which could end the TriStar dispute was agreed last night while maintenance men claimed that the four TriStars still flying are dangerously close to becoming unsafe.

A mass meeting to-day of the 625 British Airways engineers *who have grounded two TriStars* and caused cancellation of around 20 European flights a day will be offered around £3.50 a week extra for servicing the widebodied jet.

Defects

This is close enough to the men's claim for £4 or £5 a week to give some hope that the long-running dispute will now finally *be settled*. British Airways, whose negotiators spent all day yesterday making out a formula with trade union leaders, will insist, however, that productivity must rise to make the payment "self-financing."

Yesterday 26 flights were cancelled, but passengers were put on to other flights. Twenty flights may be cancelled to-day.

Meanwhile one of the engineers involved in the dispute claimed last night that defects on the four TriStars still flying were piling up to a worrying degree. It had been reported, for instance, that a pilot's seat had collapsed under him as he was *taxi-ing a TriStar in after* a landing last week.

These worries are referred to in a letter signed by 50 of the men to the Prime Minister, Mr. Harold Wilson, and to the chairman and managing director of British Airways.

The letter speaks of the "worrying number of unrectified defects on these aircraft, with their possible adverse effect to the safety of our passengers."

It also accuses European division managers of making "crude threats" to close the division down at meetings with the men's negotiators.

A British Airways official said last night that the only incident reported was one in which the head-rest of a pilot's seat had come adrift.

Callaghan's Saudi Arabia visit ends with hopes for collaboration

BY RICHARD JOHNS

RIYADH, Nov. 24.

THE FIRST meeting of the British-Saudi joint commission on economic, industrial and technical collaboration will be held early next year, it was decided in talks held here between Mr. James Callaghan, Foreign Secretary, and senior members of the Saudi Government.

Two days of exchanges ended here in an atmosphere of goodwill and general optimism that *they had laid the basis for closer* collaboration between Saudi Arabia and the U.K., although no dramatic results are in prospect.

It seemed clear, however, that Mr. Callaghan had struck a good personal understanding with both Crown Prince Fahd, whom he saw this morning, and Prince *Saud Bin Feisal*, the *foreign* minister.

The first project to be undertaken by the U.K. following the recently signed memorandum of understanding may be a school for some 3,000 handicapped children on which the Kingdom sets great store. With Millbank *Technical Services, Education* Division co-ordinating the work, it would involve a Saudi investment of up to £100m.

Saudi Ministers have shown a keen interest in British proposals for overcoming immediate problems of congestion at Jeddah's port by assembling an instant dock facility and also making a longer term contribution to deal with the congestion blocking Saudi Arabia's $142bn. five-year plan.

The extent to which the British Government is trying to use practical advice and knowledge of state agencies as a spearhead *for winning business can be seen* from the presence in Saudi Arabia of the director of the Port of London Authority awaiting the go-ahead to call in specialists and operatives to relieve congestion at Saudi Arabia's main ports.

Potential

More problematical is the King Feisal University project which the British are pressing to undertake, and which Mr. Callaghan has pursued here even to the extent of canvassing U.K. vice-chancellors for their advice and knowledge.

The purpose of the joint commission set up by the agreement signed last month in London during Crown Prince Fahd's official visit is, on the Saudi side, to identify projects to which Britain might contribute and, on the British side, to seek potential partners in those spheres. Thereafter it must be a question of bidding and negotiation.

Mr. Callaghan and Prince Saud have agreed to establish a "direct line" for use if high powered intervention is needed to iron out problems related to the work of the commission. That may seem a measure of the rapport that they have achieved.

The Foreign Secretary was told about the Saudi preference for joint ventures in industry with *the partner taking up to 50 per* cent. of the equity participation.

British Leyland's negotiations to set up a plant in Egypt, which have been becalmed, were not discussed in detail nor, it is understood, was U.K. participation in the Arab military industries organisation—the subject of discussions involving Hawker Siddeley.

Mr. Harold Wilson, the Prime Minister has accepted Crown Prince Fahd's invitation to visit the kingdom in the first half of next year and the chances of his making the trip seem good.

Arabs ask EEC for trade pact, Page 7

Continued from Page 1

Planning agreements

talking to the Government, it could be many months before even a handful of planning agreements is secured. "We see lots of agony and woe ahead," said an engineering company director last night.

The Engineering Industries' Association, which has 4,200 member-companies, condemned Government interference. The regional and group chairmen, after a national meeting, called for engineers to speak with one voice to resist "the steam-rollering effects of *disjointed Govern*ment legislation." The meeting agreed unanimously that if present Government policies continued, economic chaos would become inevitable and the private sector completely eroded.

- Mr. Denis Healey, Chancellor *of the* Exchequer, and Mr. Varley last night met the chairmen of the economic development committees ("little Neddies") for two hours to explain how the Government sees the role of the EDCs in assisting to fulfil the new package of Government *policies*.

While the Government Departments sponsoring specific industries strive for individual planning agreements with key companies, the role of the EDCs will be to examine British industry at "sectorial" level. About 30 "sectors" can be readily identified, and the Government intends to have a profile of each sector by the late summer of next year.

The profiles will be put to the EDCs so that Government, management and trade unions can consider together strategies for industrial sectors.

Continued from Page 1

Union in new threat to NHS

against any NHS expenditure cuts.

Meanwhile unofficial industrial action by junior hospital doctors was stepped up in militant areas, three days before nation-wide official sanctions are threatened to come into effect.

The worst-hit areas were *Merseyside, where 700 doctors in* 100 hospitals began working a strict 40-hour week yesterday, the North West Thames health region where 25 hospitals were affected, including the Middlesex and Westminster, and a number of hospitals in the North-East Thames region.

In the *separate dispute* involving consultants, the first action in protest at proposed legislation to abolish pay-beds will come today when many doctors are expected to walk out for the day and attend a meeting at Central Hall, Westminster.

This could be the prelude to a British Medical Association ban on non-emergency work by consultants from next week. Both the BMA consultants and the breakaway Hospital Consultants *and Specialists Association* are also considering mass resignations from the health service. Further decisions on the protest campaign will be taken at meetings of the two bodies this morning.

Donald Maclean writes: Moves to cover hospital treatment by employer general practitioners during industrial action by junior doctors and consultants were attacked by doctors' organisations.

Although no central instructions have been sent from the Department of Health and Social Security to local health authorities to invite general practioners to undertake *hospital duties on* sessional basis, some family doctors have been approached in recent weeks by local administrators.

A BMA spokesman yesterday pointed out that a circular had been sent to GPs telling them to not take on junior doctors' work.

General practitioners are paid £8.70-11.50 for a 3½-hour hospital session—several times the junior doctors' rate of pay. *There is a long-standing national* agreement under which local health authorities can engage GPs to work in hospitals as clinical assistants.

Weather

U.K. TO-DAY

RAIN at times, some bright spells and showers.

London, E. Anglia, S.E. and Cent. S. England, E. Midlands, Channel Is.

Mostly dry, rain later. Wind S.W. then W., moderate or fresh. *Max. 10C (50F).*

E., N.E. England, Lakes, I. of Man., S.W. Scotland, Glasgow, N. Ireland

Rain, becoming brighter with showers. Wind S.W. then W., fresh. Max. 10C (50F).

W. Midlands, S.W., N.W. and Cent. N. Engand, Wales

Rain at times, brighter later. Wind S.W. then W., fresh. Max. 12C (54F).

Outlook: Showers, sunny spells.

Lighting-up: London 16.30. Manchester 16.30, Glasgow 16.27, Belfast 16.40.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	C	23	73	Madrid	R	4	39
Amstrdm.	F	2	36	Manchstr.	F	9	48
Athens.	R	9	48	Melbourne	S	19	66
Bahrain	S	26	79	Mexico C.	S	19	66
Barcelona	C	9	48	Milan	S	6	43
Beirut	R	22	72	Montreal	C	—1	30
Belfast	C	7	45	Moscow	S	—8	18
Belgrade	Sn	—2	28	Munich	S	—6	21
Berlin	S	—2	28	Newcastle	C	10	50
Birmghm.	Dr	8	46	New York	C	5	41
Bristol	C	10	50	Oslo	R	6	43
Brussels	S	3	37	Paris	S	2	36
Budapest	S	2	36	Perth	C	23	73
B. Aires	S	24	75	Prague	S	—4	25
Cairo	C	29	84	Reykjavik	C	1	34
Cardiff	Dr	9	48	Rio de J'o	S	31	88
Cologne	F	1	34	Rome	S	9	48
Copnhagn.	F	2	36	Singapore	C	27	81
Dublin	C	8	46	Stockholm	F	2	36
Edinb'gh	C	9	48	Strasbourg	S	—1	30
Frankfurt	S	—1	30	Sydney	S	22	72
Geneva	F	1	34	Tehran	S	16	61
Glasgow	C	9	48	Tel Aviv	C	25	77
Helsinki	C	4	39	Tokyo	C	14	57
H. Kong	S	15	59	Toronto	C	2	36
Jo'burg	C	25	77	Vienna	S	—1	30
Lisbon	F	12	54	Warsaw	C	—6	21
London	S	9	48	Zurich	Sn	—4	25
Luxembrg.	S	0	32				

HOLIDAY RESORTS

Ajaccio	F	12	54	Jersey	S	8	46
Algiers	S	18	64	Las Plms.	F	21	70
Biarritz	F	14	57	Locarno	S	4	39
Blackpool	C	9	48	Majorca	F	14	57
Bordeaux	F	9	48	Malaga	R	11	52
Boulogne	S	5	41	Malta	C	11	52
Casablnca.	R	14	57	Nairobi	C	20	68
Cape Tn.	S	24	75	Naples	S	7	45
Corfu	C	10	50	Nice	F	9	48
Dubrovnik	C	4	39	Nicosia	C	25	77
Faro	F	14	57	Oporto	S	11	52
Florence	S	9	48	Rhodes	C	18	64
Funchal	C	15	59	Salzburg	S	—4	25
Gibraltar	R	12	54	Tangier	R	11	52
Guernsey	S	10	50	Tenerife	C	16	61
Innsbruck	S	—6	21	Tunis	F	13	55
Inverness	C	8	46	Valencia	F	15	59
I. of Man	F	9	48	Venice	S	5	41
Istanbul	C	9	48				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Dr—Drizzle. Sn—Snow.

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